

# Valuation Advisory

Report prepared for PMG Generation Fund Trustees Limited for  
inclusion within a Product Disclosure Statement purposes

Industrial Property

26 Sharpe Road, Rukuhia, Hamilton

9 February 2022



# Executive Summary

## Industrial Property - 26 Sharpe Road, Rukuhia, Hamilton



The subject property is located down a driveway off the southern side of the Sharpe Road cul de sac in Rukuhia, Hamilton. The property is held in three freehold Records of Title with a total land holding of circa 4.0710 hectares. The building improvements are situated towards the eastern side of the landholding and occupy more or less the entirety of Lot 1 DP 44156 and Lot 2 DP 450467. The improvements present to a good standard, being constructed in 2013 and providing high stud column interrupted and sprinklered warehouse accommodation together with a large canopy, and two levels of offices and amenities, providing a low office ratio of circa 5%.

The property is leased to Torpedo 7 Limited, commencing March 2016 for a term of 10 years plus 4 rights of renewal of 9 years each. The property currently returns a net rental of \$1,551,751 per annum plus GST and is subject to three yearly reviews to the lesser of CPI and equivalent 2.5% fixed per annum, with the next review in March 2022, and is reviewed to market on renewal subject to a 10% cap and collar clause.

New Zealand is at the 'red' traffic light setting following efforts to control the emergence of the Omicron and Delta variants of COVID-19. This imposes several measures of caution in an attempt to slow the spread. While the property market has in the past proved resilient to the disruption of COVID-19, our assessment has been conducted in accordance with the definition of 'Market Value', with reference to the provisions of the assumption to a willing buyer, a willing seller, acting prudently and without compulsion.

## Valuation

Prepared for	PMG Generation Fund Trustees Limited
Valuation Purpose	Market Valuation for inclusion within a Product Disclosure Statement
Date of Valuation	9 February 2022
Date of Report	9 February 2022
Valuation Approaches	Capitalisation of Net Income and Discounted Cashflow Approaches
Zoning	Airport Business Zone (Titanium Park) – Waipa District Council 2017
Tenure	Freehold – Record of Title 576455, 576456 & SA38B/452
Site Area	40,710 sqm
Lettable Area	16,010 sqm
Adopted Value	\$34,750,000 plus GST, if any Thirty Four Million Seven Hundred Fifty Thousand Dollars plus GST, if any

## Valuation Analysis

Initial Yield	4.47%	Rate / sqm of Lettable Area	\$2,171
Equivalent Yield	4.97%	Weighted Average Lease Term	4.08 years
Internal Rate of Return (10 years)	6.70%	Current Occupancy	100.00%

## Tenancy Overview

Torpedo7	\$1,551,751	16,010 sqm
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## Financial Summary

Gross Passing Income	\$1,668,184
Gross Market Income	\$1,886,495
Adopted Outgoings	\$116,433
Net Passing Income	\$1,551,751
Net Market Income	\$1,770,062

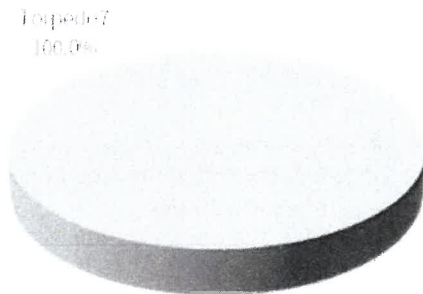
## Cap Approach Assumptions

Adopted Cap Rate	5.000%
Allowance for Capex/Expiries	24 months
Market Income Capitalisation	\$34,600,000
Passing Income Capitalisation	\$34,600,000

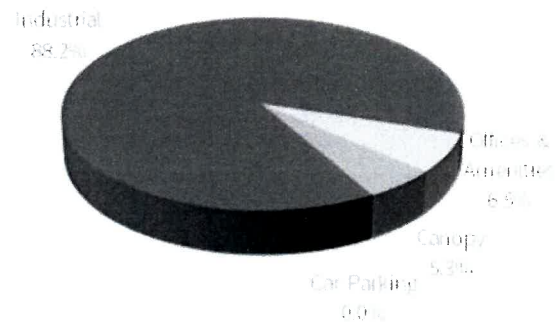
## DCF Approach Assumptions

Discount Rate	6.625%
Terminal Yield	5.250%
Average Applied Rental Growth	2.90%
Value Based on DCF Approach	\$34,900,000

## Major Occupiers



## Building Components



## Valuers

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# Critical Assumptions, Conditions & Limitations

- The valuation is current as at the date of valuation only, being 9 February 2022. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property).
- We do not accept liability for losses arising from such subsequent changes in value. Without limiting this statement, we do not accept any liability where this valuation is relied upon more than 90 days after the date of valuation, or earlier if you become aware of any factors that may have any effect on the valuation.
- This report is relevant at the date of preparation and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. We therefore recommend that before any action is taken involving an acquisition, disposal or other transaction more than 90 days after the date of this report, you consult the Valuer.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- Our valuation assumes the information provided by the instructing party or its agents is correct, and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible these have been verified through lease documentation and physical measurements.
- Unless otherwise stated all property measurements are in conformity with the Guide for the Measurement of Rentable Areas issued by the Property Council of New Zealand. Where certified areas have not been provided, we have normally undertaken measurement in accordance with Property Council of New Zealand Standards.
- We have relied on the land dimensions and areas as provided in the Record of Title as searched. In certain cases, physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Record of Title.
- Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.
- While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.
- We have undertaken a visual inspection in respect of any building valued but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.
- We note we are not experts in relation to assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural or weather penetration issues we reserve the right to amend the valuation assessment and any recommendations contained within this report.

- Any elements of deterioration apparent during our consideration of the general state of repair of building/s has been noted or reflected in our valuation. We are, however, unable to give any warranty as to structural soundness of any building and have assumed in arriving at our valuation that there are no structural defects or the inclusion of unsatisfactory materials.
- In preparing the valuation it has been assumed that items such as lifts, hot and cold water systems, electrical systems, ventilating systems and other devices, fittings, installations or conveniences as are in the building are in proper working order and functioning for the purposes for which they were designed, and conform to the current building, fire and government regulations and codes.
- Information on town planning and resource management is often obtained verbally from the local planning authority and if assurance is required Jones Lang LaSalle recommends that verification is sought from the relevant authority that confirms the position is correctly stated within this report, that the property is not subject to other decisions or conditions prescribed by public authorities and that there are no outstanding statutory notices.
- Jones Lang LaSalle's valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory regulations including the Building Act 2004 and the requirements of Territorial Authorities. Where we have obtained a Land Information Memorandum, we comment on this within our report. Where we have not obtained a Land Information Memorandum our valuation is therefore undertaken with the assumption that there are no outstanding requisitions.
- Unless otherwise stated all currencies within this report are in New Zealand Dollars.
- Non-residential valuations are (unless otherwise stated) carried out on the basis that the valuation is plus GST (if any). Residential property valuations are (unless otherwise stated) carried out on the basis that the valuation includes GST (if any).
- A reliant party can only rely on this valuation if received directly from JLL without any third-party intervention.

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Appendix 1 – Valuation Definitions

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# 1 Introduction

## 1.1 Instructions

We refer to instructions requesting that we undertake a market valuation of the freehold interest of 26 Sharpe Road, Rukuhia, Hamilton (the Subject/Property), as at 9 February 2022 for PMG Generation Fund Trustees Limited. We understand that the valuation is to be relied upon for inclusion within a Product Disclosure Statement purposes only.

Our report has been prepared in accordance with the current Australia and New Zealand Property Institute's Valuation Standards, International Valuation Standards and the instructing parties valuation brief, and we confirm that the prime signatory:

- is independent of both the Instructing Party and Report Recipient;
- is authorised, under The Valuers Act 1948 to practise as a Valuer;
- is suitably registered and qualified to carry out valuations of such property;
- has no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the Property's value or that could conflict with a proper valuation of the Property;
- has satisfied professional education requirements and has experience in the location and category of property being valued or where applicable, has sought the advice of suitably qualified professionals who hold locational expertise; and
- has made a personal inspection of the property.

We confirm:

- the statements of fact presented in the report are correct to the best of the Valuers knowledge;
- the analyses and conclusions are limited only by the assumptions and conditions which follow within this report;
- the firm, Jones Lang LaSalle and the undersigned Valuers do not have a direct or indirect pecuniary interest in the subject property;
- the professional fee charged in relation to this assignment has not been contingent upon any aspect of this report;
- the valuation contained herein has been performed in accordance with PINZ / NZIV Codes of Ethics and Conduct;

Our report is confidential to the party or parties to which it is addressed, for the specific purpose to which it refers. No responsibility is accepted to any third parties. Neither the whole of the report or any part of it or any reference to it, may be published in any document, statement or circular or in any communication with third parties without our prior written approval of the form and context in which it will appear. Furthermore, this report can only be relied upon when the given party has received the report directly from JLL.

## 1.2 Valuation and Inspection Dates

The key dates that are relevant for our valuation are shown below:

Date of Valuation	9 February 2022
Date of Property Inspection	16 December 2021
Date of Preparation of Report	9 February 2022

We advise that we have been instructed to value the Property as at Valuation Date which is our date of valuation. The Property was inspected on Inspection Date and our valuation reflects the valuer's view of the market at this date and does not purport to predict the future. Our assessment assumes that there is no material change to the Property or the market between the date of inspection and the date of valuation, and we reserve the right to review the valuation if there are material changes to the Property or the market over this period



## 1.3 Basis of Valuation

### Market Value

The value given herein is that of the market value of the Property as defined by the International Valuation Standards Committee (IVSC), and endorsed by the API and PINZ, which is as follows:

*“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”*

We confirm that this valuation has been undertaken on the basis of the price that might reasonably be expected if the Property was sold at the date of valuation assuming:

- a willing, but not anxious, buyer and seller;
- a reasonable period within which to negotiate the sale, having regard to the nature and situation of the Property and the state of the market for property of the same kind;
- that the Property was reasonably exposed to that market;
- that no account is taken of the value or other advantages or benefit additional to market value, to the buyer incidental to ownership of the property being valued;
- that the current proprietor has sufficient resources to allow a reasonable period for the exposure of the Property for sale; and
- that the current proprietor has sufficient resources to negotiate an agreement for the sale of the Property.

Included within this valuation are lessor-owned items of building fixtures, fittings, plant and equipment. These items exclude all movable equipment, furniture, furnishings and tenant owned fit-out and improvements.

## 1.4 Relevant Valuation Standards & Disclosures

The valuations contained herein have been completed in accordance with current Australia and New Zealand Valuation and Property Standards, and in particular with:

- IVS (International Valuation Standards 2022) Framework and General Standards
- ANZVGP 111 – Valuation Procedures – Real Property
- ANZVGP 108 – Valuations for Use in Offer Documents

## 1.5 Information Sources

The information reviewed or previously provided includes, but is not limited to, the following:

- Record of Title particulars memorialised by Land Information New Zealand;
- Resource Management classifications and controls as stated within the District Plan of the governing Territorial Local Authority;
- Sales and leasing data from various industry sources, including real estate agents;
- Market research and forecasts from JLL Research; and
- Lease documentation, building areas, tenancy schedule and budgets supplied by the instructing party or managing agent.

Our valuation is based on a significant amount of information that has been sourced from the instructing party or managing agent and other third parties. We have relied upon the accuracy, sufficiency and consistency of the information supplied to us. Jones Lang LaSalle accepts no liability for any inaccuracies contained in the information disclosed to us.

## 1.6 Specific Assumptions

Our assessment as to value has been based on the following specific assumptions:

- New Zealand is currently in a cautious phase as part of efforts to constrain an outbreak of the ‘Delta’ variant of COVID-19 that has been persisting since August 2021, with the most recent step a move to a ‘traffic light’ system of controls. Associated restrictions and periods of lockdown have been disruptive, however the property market in general has proven to be resilient to the introduced challenges.

Our assessment has been conducted in accordance with the definition of ‘Market Value’, with reference to the provisions of the assumption to a willing buyer, a willing seller, acting prudently and without compulsion.

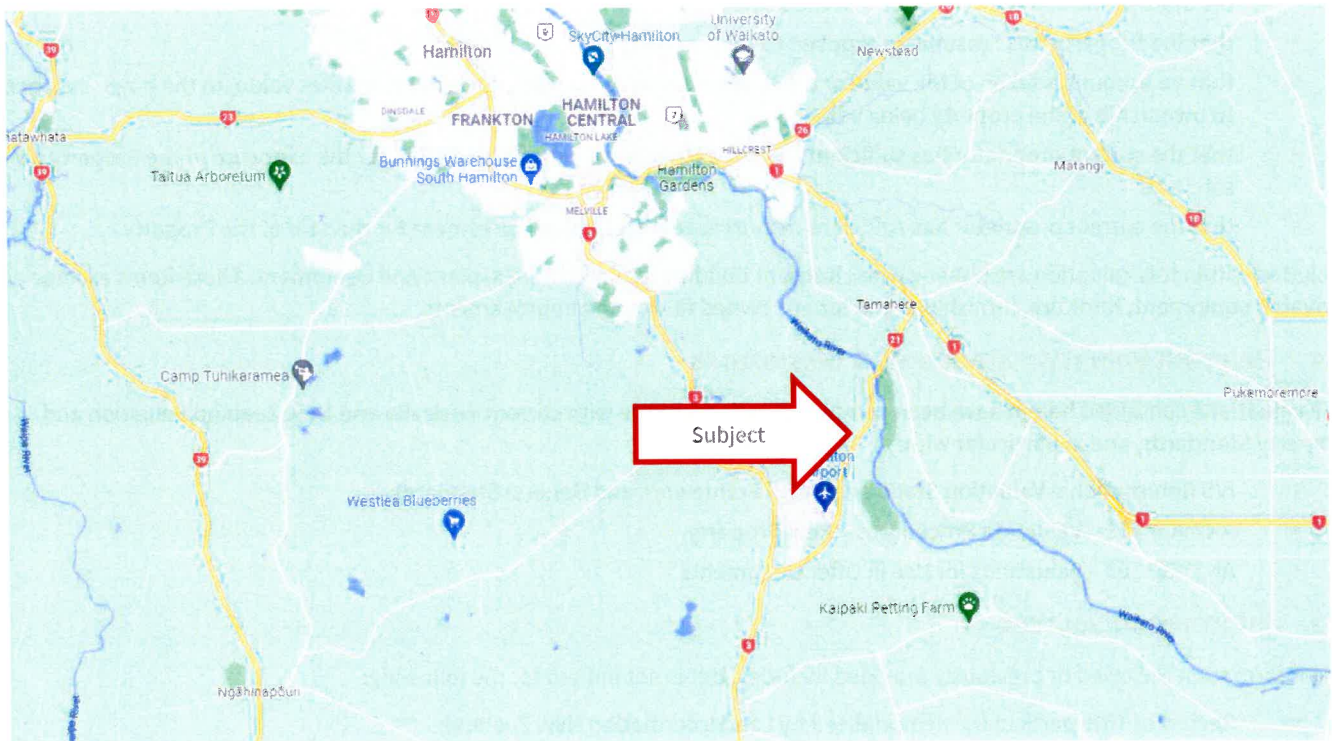
## 2 Property Particulars

### 2.1 Location

The property is located to the southern side of Sharpe Road and the western side of Airport Road (State Highway 21) in Rukuhia. Rukuhia provides predominately rural and residential areas, although with the more immediate location including a number of new industrial buildings being within Titanium Park, which is the industrial development occupying land to both the northern and southern end of Hamilton Airport and to both its western and eastern sides. Hamilton Airport is located a short distance south of the subject.

The property is approximately 15 kilometres south of Hamilton's CBD, and a similar distance north of Cambridge and Lake Karapiro. Auckland is approximately 135 kilometres north.

The following map identifies the approximate location of the Property:



Source: Google Maps

### 2.2 Title Particulars

The property is held within three Records of Title, summarised below:

#### 576455

Title Reference	576455
Tenure	Fee Simple
Legal Description	Lot 1 Deposited Plan 450467
Area	1.7675 hectares more or less
Registered Owner	PMG Generation Fund Trustees Limited
Registered Interest	<ul style="list-style-type: none"><li>■ B537026.1 Gazette Notice declaring the adjoining State Highway 21 (Narrows Bridge - SH 3 Intersection) to be a limited access road (affects part formerly Lot 13 DP 407016)</li><li>■ B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 (affects part formerly Lot 6 DP 307815) <i>This identifies one of the subject lots, being SA38B/452, as being a limited access road crossing.</i></li><li>■ 8988849.10 Consent Notice pursuant to Section 221 Resource Management Act <i>This consent notice states the following with regard to Lot 1 and 2 DP 450467 (subject):</i></li></ul>

- For Lot 2, landscaping is in general accordance with the Perimeter Planting Plan prepared by Isthmus Group and dated 10 February 2009. The landscaping must be preserved and maintained.
- For Lot 1 and 2, the right of way marked "C" on the title plan must be designed and constructed prior to occupation. This is the access strip / driveway.
- For Lot 2, any fencing adjacent to Airport Road (State Highway 21) property boundary must be setback a minimum of 5 metres from the Airport Road boundary.
- Subject to a right (in gross) to convey water and sewage over part marked H on DP 450467 in favour of Waipa District Council created by Easement Instrument 8988849.13
- The easements created by Easement Instrument 8988849.13 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a right (in gross) to convey telecommunications, computer media and electricity over part marked H on DP 450467 in favour of WEL Networks Limited created by Easement Instrument 8988849.14
- The easements created by Easement Instrument 8988849.14 are subject to Section 243 (a) Resource Management Act 1991
- Appurtenant hereto is a right of way and a right to convey telecommunications and computer media created by Easement Instrument 8988849.16
- The easements created by Easement Instrument 8988849.16 are subject to Section 243 (a) Resource Management Act 1991
- Land Covenant in Easement Instrument 8988849.17  
*This covenant poses restrictions on the ability to object to the airport operations carried out at Hamilton Airport, and restricts the ability to undertake any core airport activities or other activities at the subject property that materially adversely impact on core airport activities.*
- 8988849.18 Encumbrance to Waikato Regional Airport Limited  
*This encumbrance provides:*
  - a) *The Encumbrancee (Waikato Regional Airport) have an option to acquire for Core Airport Activities but only after 99 years ("Option Date") from 27 April 2015, and compensation shall be \$1 for the land, and determined under the Public Works Act 1981 for the value of any improvements which will remain on or under the land after the possession date.*
  - b) *if Land is not required by the Encumbrancee on Option Date, then the Option Date can be deferred 50 years (perpetual option) subject to payment of a deferral fee.*
  - c) *The Encumbrancer have a Put Option after the Option Date which if exercised requires the Encumbrancee to purchase the Land and Improvements for \$1.*
- 9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576456 and SA38B/452)  
*This is a certificate affecting all 3 lots specifying they must not be transferred or leased except in conjunction with the other allotments.*
- 11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RTs 30510, 829635, 424709, 449041, 449042, 829630, 829631, 829632, 829636, 824711, 834909, 569313, 754449, 775884, 775885, 815574, 815575, 815576, 815577, 829629, 829634, 839191, 860028, 860029, 860030, 860031, 860032, 860033, 860034, 776836, 776837, 776839, 776841, 793241, 824710, 829633, 605012, 605013
- 11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RT 424715 excluding the area marked B on DP 531319 and RT 839192 excluding the area marked A on DP 531319
- 12194908.6 Mortgage to ASB Bank Limited

Source: Land Information New Zealand

## 576456

Title Reference	576456
Tenure	Fee Simple
Legal Description	Lot 2 Deposited Plan 450467
Area	1.9775 hectares more or less
Registered Owner	PMG Generation Fund Trustees Limited
Registered Interest	<ul style="list-style-type: none"> <li>▪ B537026.1 Gazette Notice declaring the adjoining State Highway 21 (Narrows Bridge - SH 3 Intersection) to be a limited access road</li> </ul>

- B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 (affects part formerly Lot 6 DP 307815) – *see above at 576455 for further details.*
- 8988849.10 Consent Notice pursuant to Section 221 Resource Management Act 1991 – *see above at 576455 for further details.*
- Subject to a right (in gross) to convey water and sewage over parts marked D and C and a right of way pedestrian over part marked J all on DP 450467 in favour of Waipa District Council created by Easement Instrument 8988849.13
- The easements created by Easement Instrument 8988849.13 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a right (in gross) to convey telecommunications, computer media and electricity over parts marked D and C on DP 450467 in favour of WEL Networks Limited created by Easement Instrument 8988849.14
- The easements created by Easement Instrument 8988849.14 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a right of way and a right to convey telecommunications and computer media over part marked C on DP 450467 created by Easement Instrument 8988849.16
- The easements created by Easement Instrument 8988849.16 are subject to Section 243 (a) Resource Management Act 1991
- Land Covenant in Easement Instrument 8988849.17 – *see above at 576455 for further details.*
- 9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576455 and SA38B/452)
- 9260357.1 Encumbrance to Waipa District Council  
*The encumbrance states that the northern wall of the building constructed on Lot 2 DP 450467 does not comply with clause C.3 or C.4 of Schedule 1 of the Building Regulations 1992 (“The Building Code”) and that the north wall is not constructed so as to prevent the effects of the spread of fire to the neighbouring property. This encumbrance shall remain until the building on Lot 2 DP 450567 complies with the Building Code, or until such other time as the encumbrance is considered by the Encumbrancer to no longer be required.*
- Subject to a right (in gross) to convey electricity, telecommunications and computer media over part marked A on DP 461788 in favour of WEL Networks Limited created by Easement Instrument 9667772.2
- 11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RTs 30510, 829635, 424709, 449041, 449042, 829630, 829631, 829632, 829636, 824711, 834909, 569313, 754449, 775884, 775885, 815574, 815575, 815576, 815577, 829629, 829634, 839191, 860028, 860029, 860030, 860031, 860032, 860033, 860034, 776836, 776837, 776839, 776841, 793241, 824710, 829633, 605012, 605013
- 11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RT 424715 excluding the area marked B on DP 531319 and RT 839192 excluding the area marked A on DP 531319
- 12194908.6 Mortgage to ASB Bank Limited

Source: Land Information New Zealand

## SA38B/452

Title Reference	SA38B/452
Tenure	Fee Simple
Legal Description	Lot 1 Deposited Plan South Auckland 44156
Area	3,260 sqm more or less
Registered Owner	PMG Generation Fund Trustees Limited
Registered Interest	<ul style="list-style-type: none"> <li>▪ B537026.1 Gazette Notice declaring the adjoining State Highway No. 21 (Narrows Bridge - SH3 Intersection) to be a limited access road</li> <li>▪ B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 – <i>see above at 576455 for further details.</i></li> <li>▪ 9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576455 and 576456) – <i>see above at 576455 for further details.</i></li> <li>▪ 2194908.6 Mortgage to ASB Bank Limited</li> </ul>

Source: Land Information New Zealand

We have considered these notifications in arriving at our opinion of value. We refer you to the Record of Title appended to this report.

### 2.3 Site Details

The site comprises a total land holding of circa 4.0710 hectares being irregular in shape and relatively level in contour. The property is located from the end of the Sharpe Road cul-de-sac which runs off Raynes Road to the north. The property is located on the western side of Airport Road (State Highway 21).

The buildings are situated across Lot 1 DP 44156 and Lot 2 DP 450467 as can be seen below, with these two sites providing a combined land area of approximately 2.3035 hectares. These sites can be accessed off a long driveway at the southern end of Sharpe Road, providing access to the yard and canopy areas. The main warehouse occupies a large proportion of this land being positioned to its northern, eastern and southern boundaries.

The encumbrance site is comprised in Lot 1 DP 450467 and provides an area of approximately 1.7675 hectares. That is partly sealed with open car parks for approximately 110 spaces. There is a grassed area to both the northern and southern end of the parking, as best described with reference to the below.

Site Area	Area of Lot 2 DP 450467 (576456)	19,775 sqm
	Area of Lot 1 DPS 44156 (SA38B/452)	3,260 sqm
	Area of Lot 1 DP 450467 (576455)	17,675 sqm
	<b>Total Area</b>	<b>40,710 sqm</b>



Source: Emap

### 2.4 Resource Management

Local Authority	Waipa District Council
Planning Instrument	Waipa District Plan
Operative Date	14 August 2017
Zoning	<b>Airport Business Zone</b>

The Hamilton International Airport (the Airport) is a facility of economic and social importance to the Waikato Region. The Airport Business Zone associated with it (Titanium Park) has been established to leverage off the advantages of locating industrial and business activities adjacent to an Airport. The Airport area is identified as a strategic industrial node in the Waikato Regional Policy Statement, recognising that land in this location is a scarce and valuable resource.

We note that the subject property falls within the Air Noise Boundary (partly) and Night Noise Boundary. Properties that fall within these boundaries are subject to additional rules under the plan. The property is also identified as being part of the Hamilton Airport Strategic Node and a Structure Plan Area. The Airport Business Zone Structure Plan covers an area of some 157ha surrounding the airport operational area. It contains some existing industrial and service activities on the west side of the airport but the majority of the land is undeveloped. The plan is intended to assist in achieving a functional high quality business park which recognises the constraints imposed by an expanding airport and a rural surrounding.

#### Objectives

- To support the economic and social well-being of the Waikato Region through providing for the integrated future development of the Airport and its surrounding land as a transport hub and business location, taking advantage of its strategic location and infrastructure while managing adverse effects on Airport operations.
- To provide for industrial and business activities, including offices and limited retail activities in an integrated mixed use business park within a defined area.
- To enable the development of the Southern Precinct while maintaining the safety and efficiency of State Highway 21.

#### Development Controls

Some permitted activities include general and commercial aviation activities and buildings, industrial activities, transport and freight depots, and bus depots, vehicle rental and valet services, vehicle parking and storage (excluding Southern Precinct), cafes, restaurants, takeaway food outlets and licensed premises (excluding Southern Precinct).

While some non-complying activities include residential activities between the Outer Control Boundary and the Air Noise Boundary, and any activities not listed in the plan as being permitted, controlled, restricted discretionary or discretionary.

##### Setback:

- Road boundaries: Minimum building setback from road boundaries shall generally be 15 metres.
- Internal site boundaries: Buildings may be built up to internal site boundaries except for sites where one of the activities, either existing or proposed, on the sites, is visitor accommodation, conference facilities, healthcare facilities, childcare facilities or places of assembly, in which case the minimum setback is 1.2m.

##### Building Height:

- No building shall exceed 20 metres in height.

##### Height in relation to boundary:

- No building shall penetrate a recession plane at right angles to a boundary, inclined inwards and upwards at an angle of 45 degrees.

##### Landscaping / Yards:

- Site boundaries adjacent to either a Rural Zone, State Highway 3, State Highway 21, Raynes Road, or to dwellings within the Special Amenity Area shown on the Planning Maps; shall be landscaped to a minimum depth of 5m, except for any required access or egress points.
- Road boundaries on internal roads must be landscaped to a minimum depth of 2m except for required access or egress, and except where the site is adjacent to a landscaped drainage swale within the road.

The existing improvements would appear to comply with the resource management requirements of the site. Further, we have assumed that the property benefits from existing use rights or has an applicable Resource Consent.

## 2.5 Rateable Value

We have been advised that the Property's Rateable Value, as at August 2019, are as follows:

	Assessment Number	Land Value	Improvements Value	Capital Value
Lot 1 DP 450467	04581/220.42	\$2,030,000	\$0	\$2,030,000
Lot 2 DP 450467	04581/220.44	\$2,970,000	\$20,830,000	\$23,800,000
Lot 1 DPS 44156	04581/227.00	\$475,000	\$0	\$475,000
		\$5,475,000	\$20,830,000	\$26,305,000

We note that rating valuations do not take account of a number of key issues affecting value, including land tenure and occupancy arrangements, and are often assessed on an indexed or kerb-side basis. Accordingly, market and rating values may vary significantly.

## 2.6 Environmental Issues

During the course of our inspection we did not notice any evidence of land or building contamination. Importantly, however, we are not experts in the detection or quantification of environmental problems, and we have not sighted an Environmental Audit.

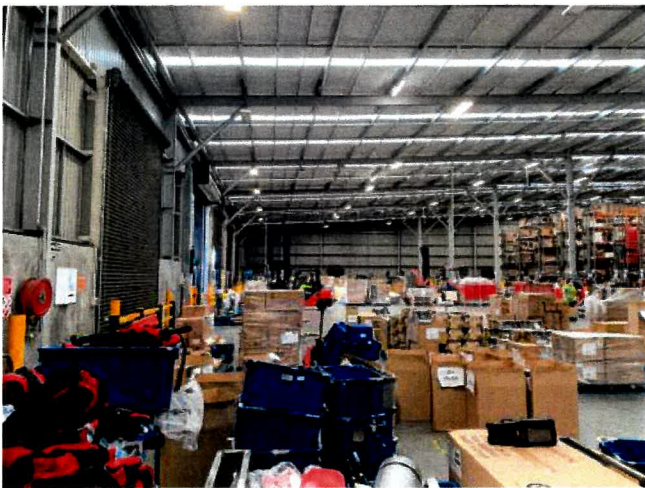
Our valuation has been made assuming an audit would be available which would satisfy all relevant environmental, and occupational health & safety legislation. If the Property's status needs to be clarified, an Environmental Audit should be undertaken. Our valuation excludes the cost to rectify and make good the Property, which may have become contaminated because of past and present uses.

## 2.7 Heritage

We have not undertaken any formal heritage searches; the property is not notified on the District Plan as being a heritage structure and our valuation is made on the assumption that there are no heritage issues relating to the Property.

## 2.8 Improvements

The building was constructed circa 2013 and provides high stud sprinklered and column interrupted warehousing with associated offices and amenities over two levels. The property generally presents to a high standard of industrial accommodation. In addition, there is a car park situated immediately west of the subject providing for circa 100 car parks.



Warehouse



Canopy

## 2.9 Construction

We briefly outline construction details to the building as follows:

Structure:	Reinforced concrete slabs and columns, with steel beam construction.
External Walls:	A combination of profile metal walls and concrete block base walls with profile metal above.
Internal Walls:	Predominantly plasterboard lining to lettable office areas.
Roof:	Long run metal.
Ceiling:	Predominately acoustic tiles in a suspended grid system to offices. Netting and sisalation beneath a long run metal roof to the warehouse.
Lighting:	Recessed lighting to the offices. Suspended industrial lighting supplemented by translucent panel inserts providing natural light to the warehouse.
Windows and doors:	Aluminium framing and glazed windows.
Key Services:	Ducted air conditioning, sprinkler system.
Sprinklers:	Yes.
Stud Height:	Approximately 8.83 metres at the portal knee rising to approximately 12.94 metres at the apex.
Columns:	Yes.

## 2.10 Accommodation

### Warehouse

The warehouse accommodation is column interrupted and has a stud height of approximately 8.83 metres at the portal knee rising to approximately 12.94 metres at the apex. Access to the warehouse is enabled by a number of full height roller doors to the western elevation leading to the canopy and secured yard area, plus a number of half height roller doors along the northern elevation. The warehouse and canopy are sprinklered.

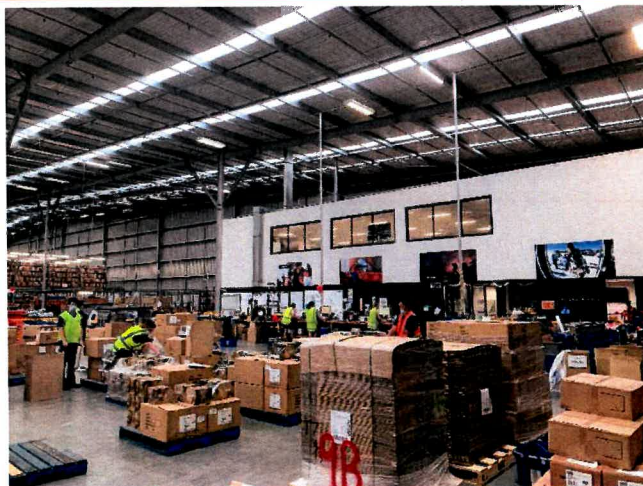
General construction of the warehouse includes reinforced concrete slab for foundation with a steel frame structure and long run metal roofing with netting, sisalation and intermittent translucent panels. Exterior walls comprise either profile metal or concrete base wall with profile metal on top. Lighting is provided via suspended industrial lights which are supplemented by natural light via the translucent panel inserts. In addition there is a small lean to along the southern elevation providing a lower stud area allowing for forklift charging.



Warehouse



Charging Bay



Warehouse



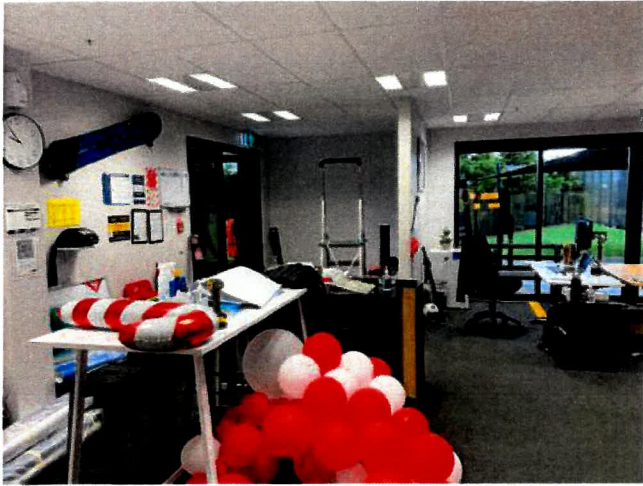
Canopy and Yard

### Office & Amenities

The two-storey block of offices and amenities is located to the south western corner of the warehouse and offers a combination of open plan areas and partitioned meeting rooms that feature ducted air-conditioning and are sprinklered, with a stud height of circa 2.7 metres.

Internal partitioning comprises a combination of plasterboard and full height glazing, while flooring consists of carpet to the office areas, and vinyl to the amenity areas. The offices also feature a suspended grid ceiling system with recessed lighting. The ground floor provides offices, a locker room and bathroom facilities, with the upstairs providing a large lunchroom and outdoor deck.





Ground Floor Office



First Floor Lunchroom



Bathrooms



Partitioned Office

**Carpark & Land**

There is a sealed carpark located to the west of the improvements which allows for approximately 110 car parks. In addition, there is a large area of undeveloped, grassed land to the south of the carpark and a smaller area to the north of the carpark, both of which are relatively level and grassed. This land is subject to a restrictive covenant which is explained in Section 2.2.



Carpark



Land

## 2.11 Lettable Areas

The Property's total Lettable Area is approximately 16,010 square metres. A summary of this Lettable Area is detailed as follows:

Building Floor Area	
Accommodation/Level	Lettable Area
Warehouse	13,245
GF Office	289
FF Office	289
Main Canopy	1,581
Side Canopy	106
Sprinkler Room	38
Charging Bay	419
Storage	21
Workroom	21
<b>Total Lettable Area</b>	<b>16,010 square metres</b>
Car Parking	
Open spaces	Spaces
Open spaces	110
<b>Total Car Parking</b>	<b>110 spaces</b>

The areas noted above have been provided to us by the Client. We have undertaken a full measurement in accordance with the Guide for the Measurement of Rentable Areas as published by the Property Institute and Property Council of New Zealand, with the measured areas being more or less in line with the provided areas, which we have adopted. Should certified floor areas be made available we reserve the right to review our valuation.

## 2.12 Condition and Repair

We inspected the interior and exterior of the property. The building appears to have been well maintained with no significant deferred maintenance requirements evident.

Our valuation has had regard to the apparent state of repair and condition of the Property; however, we were not instructed to carry out a structural survey or to test any of the services available to the Property. We are therefore unable to report that the Property is free from further defect and we have assumed that no deleterious material was used in the construction.

A Building Warrant of Fitness is an annual certificate that confirms the Specified Systems in the building have been inspected and maintained, and that the requirements of the Compliance Schedule associated with the operation of the property in its current use have been complied with. We note that the building has several features that impose a requirement to obtain an annual Building Warrant of Fitness. We were unable to sight a current Warrant of Fitness upon inspection of the property, but we have assumed all applicable requirements have been met. If the building does not meet requirements to obtain a Building Warrant of Fitness we reserve the right to review our valuation.

As the building was constructed after January 2000, we have not sought further information on asbestos within the property.

## 2.13 Earthquake Strengthening Requirements

New Zealand is prone to seismic activity and there are requirements on building owners to ensure their buildings are safe for occupants and users as outlined in the Building Act 2004 and Amendment (Earthquake-prone Buildings) Act 2016. These regulations categorise New Zealand into three seismic risk areas and sets timeframes for identifying and taking action to strengthen or remove earthquake prone buildings.

As part of our valuation we have been made aware of the following information:

Year of Building Construction	2013
National Risk Zone	Low
Compliance with New Building Standard	Unknown

We note the building does not appear on the Earthquake Prone Building Register as published here: <https://epbr.building.govt.nz/>.

Given the recent date of construction, we would expect the subject to achieve an NBS rating in excess of 67%, however should a seismic report be made available we reserve the right to review our valuation.

We are not qualified to undertake a structural survey of the property and have proceeded based on the information available. We recommend interested parties confirm the insurability of the subject building.

## 3 Property Income and Expenditure

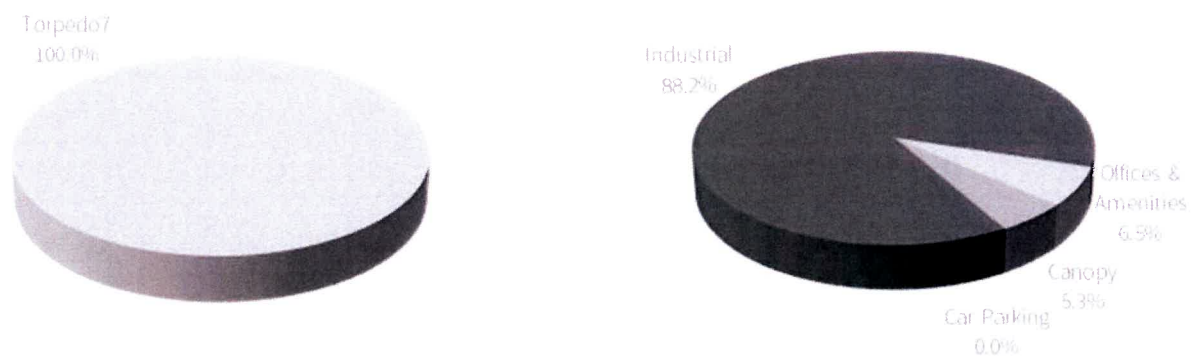
### 3.1 Tenancy Overview

We have been provided with a tenancy schedule and with Lease documentation that was available at the time of valuation. The net rental from the Property can be summarised as follows:

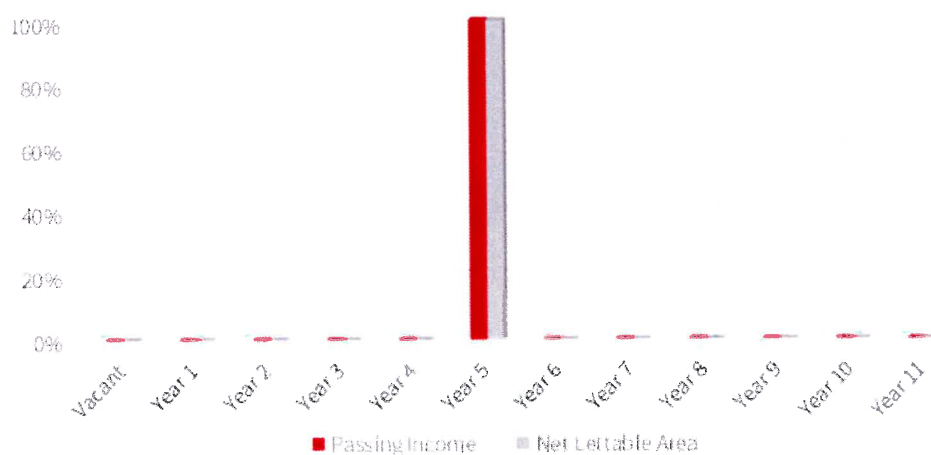
Tenant	Net Rental	Lettable Area	Proportion of Lettable Area
Torpedo7	\$1,551,751	16,010	100.0%
<b>Total</b>	<b>\$1,551,751</b>	<b>16,010 sqm</b>	<b>100%</b>

The events surrounding COVID-19 have led to greater consideration by market participants of the covenant strength of the occupiers within investment property. We are not qualified to advise you on the financial standing of the occupiers, however have formed a view on how we think the market would approach the tenancy profile of the property.

The net rental from the property can be analysed by occupier and component proportion as follows:



The graph below demonstrates the lease expiry profile (by income and area) over a ten-year horizon:



Our calculation of the property's Weighted Average Lease term is as noted below:

Weighted Average Lease Term Remaining	Years
By Area	4.08
By Income	4.08

## 3.2 Lease Summary

We summarise below the lease agreement for the tenant:

Lease Summary	Torpedo7
Documents reviewed	Signed Deed of Lease dated 4 March 2016
Lessee	Torpedo7 Limited
Demised premises	<p><u>Premises:</u></p> <p>All of the land and building at Titanium Park, Hamilton Airport, the land being Lot 2 DP 450467 and Lot 1 DPS 44156 as more particularly described in identifiers 576456 and 38B/452 (South Auckland Land Registry) but excluding the area shown as area "C" on Lot 2 DP 450467 which the parties acknowledge is a shared accessway which may be used by the Tenant, its employees, customers and invitees in conjunction with the owner, occupiers, users and invitees from time to time of the adjacent land being Lot 1 DP450467 and more particularly described in identifier 576455 (South Auckland Land Registry') (Adjacent Land).</p> <p><u>Carparks:</u></p> <p>(1) The exclusive right to use the carparks which are located on Lot 2 DP 450467 and Lot 1 DPS 44156.</p> <p>(2) A licence to use those carparks situated on the Adjacent Land in the area hatched on the attached Carpark Plan on the terms set out in clauses 35.2, 35.3 and 35.4 during the term of this lease but subject to the right of the owner, occupiers, users and invitees from time to time of the Adjacent Land having the right to pass and repass over the vehicle lanes on the Adjacent Land and those carparks when they are not being used. To avoid doubt, the parties acknowledge that clause 35.1 shall not apply to the carparks situated on the Adjacent Land.</p>
Lettable Area	Not stated in Lease - Refer to Section 2.11
Commencement Date	3 March 2016
Expiry Date	2 March 2026
Lease Term	10 years plus four rights of renewal of 9 years each
Commencement Rent	\$1,450,000 per annum plus GST and outgoings
Current Rent	\$1,551,751 per annum plus GST and outgoings
Rental Review Provisions	<p>3 yearly to the lesser of CPI and annual 2.5% fixed per annum.</p> <p>Market rent reviews on renewal subject to a 10% cap and collar.</p> <p><i>Within our valuation we have adopted the 2.5% fixed per annum rent review provision as we calculate this to be lower than the CPI increased provision.</i></p>
Outgoings Recovery	Net lease – standard building operating expenses are recoverable from the tenant.
Permitted Use	Warehousing and distribution centre and subject to clauses 16.1 and 38.2, any other use permitted from time to time by the relevant territorial authority.
Special Provisions	<p>Clause 8.6:</p> <p>Notwithstanding any other provision in this lease, if the Tenant is Torpedo7 Limited, the Tenant is not required to repaint or redecorate the interior and exterior of the building at the expiry or earlier termination of this lease.</p> <p>Clause 20.1:</p> <p>The Tenant may make non-structural alterations or additions to the Premises without the Landlord's consent, or make structural changes with the Landlord's consent. If requested by the Landlord, the Tenant shall reinstate any structural changes.</p> <p>Clause 20.3:</p> <p>Notwithstanding the foregoing, the Tenant will use its best endeavours to fill, patch and/or repair any holes or damage caused by the Tenant in the floors, walls and/or ceiling as a result of the removal of its chattels from the premises but the Tenant shall not be required to repaint or resurface the entire affected surface(s).</p>
Landlords Fixtures and Fittings	Whiteware; All fixed floor coverings; IT fit out; Light and electrical fittings; Security system camera's/alarm/smoke detectors; Fixed joinery; All heating and ventilation systems; Lockers in men/womens changing rooms; Sanitaryware; Landscaping; Hard fitout of the office; Lunchroom; Changing Facilities; Sprinklers; 6 electronic mechanical doors.
Emergency Provisions	Clause 27.5 and 27.6 are stated in the Lease, with the no access period being 9 months.

### 3.3 Building Vacancy

As at the date of valuation, the Property was fully occupied with no vacant accommodation.

### 3.4 Building Outgoings and Recoveries

The lease within the Property is structured on a net basis, with the tenant being responsible for payment of rates and other property expenses in addition to premises rental. We have adopted the following allowances for building outgoings within our calculations:

Adopted Property Outgoings	Per Annum	Per Sqm of Lettable Area
Statutory Charges	\$40,852	\$2.55
Operating Expenses	\$75,581	\$4.72
<b>Total Outgoings</b>	<b>\$116,433</b>	<b>\$7.27</b>

The above allowances are based on the provided budget for the year ending March 2022. We have had regard to the budget provided and have sought confirmation from the relevant rating authorities in relation to statutory charges and have considered the figures against other similar buildings. We consider that the adopted outgoings rate of \$7.27 per square metre of Lettable Area to be low for this type of property.

### 3.5 Tenancy Schedule

Our understanding of the Property's occupancy situation is detailed in the Tenancy Schedule below:

Tenant Name	Premises	Lettable Area	Car Parks	Lease Start	Lease Expiry	Lease Term	Next Review	Review Frequency	Review Type	Contract Rental	Rental / sqm	Car Park pcpw	Outgoings Recovery	Recovery / sqm
Torpedo7	Warehouse	13,245.1	110	Mar 2016	Mar 2026	10.0 years	Mar 2022	3 yearly	Other	\$1,324,503	\$100		\$96,327	\$7
Torpedo7	GF Office	288.8		Mar 2016	Mar 2026	10.0 years	Mar 2022	3 yearly	Other	\$50,327	\$174		\$2,101	\$7
Torpedo7	FF Office	288.8		Mar 2016	Mar 2026	10.0 years	Mar 2022	3 yearly	Other	\$50,327	\$174		\$2,101	\$7
Torpedo7	Main Canopy	1,581.4		Mar 2016	Mar 2026	10.0 years	Mar 2022	3 yearly	Other	\$79,069	\$50		\$11,501	\$7
Torpedo7	Side Canopy	105.6		Mar 2016	Mar 2026	10.0 years	Mar 2022	3 yearly	Other	\$3,169	\$30		\$768	\$7
Torpedo7	Sprinkler Room	37.8		Mar 2016	Mar 2026	10.0 years	Mar 2022	3 yearly	Other	\$3,404	\$90		\$275	\$7
Torpedo7	Charging Bay	419.4		Mar 2016	Mar 2026	10.0 years	Mar 2022	3 yearly	Other	\$37,749	\$90		\$3,050	\$7
Torpedo7	Storage	21.4		Mar 2016	Mar 2026	10.0 years	Mar 2022	3 yearly	Other	\$641	\$30		\$155	\$7
Torpedo7	Workroom	21.4		Mar 2016	Mar 2026	10.0 years	Mar 2022	3 yearly	Other	\$2,562	\$120		\$155	\$7
Aggregate		16,009.7	110							\$1,551,751			\$116,433	



### 3.6 Income Analysis

We summarise the Property's total Passing Income as follows:

Passing Rental Analysis		
Lettable Area Rental	\$1,551,751	93.02%
Outgoings Recovery	\$116,433	6.98%
Gross Passing Income	\$1,668,184	100.00%
Outgoings	\$116,433	
Net Passing Income	\$1,551,751	



## 4 Market Commentary

### 4.1 Economic Overview

As at 27 January 2022:

- The December 2021 Consumer Price Index rose 1.4% from the September 2021 quarter and rose 5.9% on an annual basis compared to December 2020. This annual increase is the biggest annual movement since 1990. The main drivers for the increase were noted as housing-related costs, such as construction for new houses, as well as transport prices.
- Gross Domestic Product (GDP) in the September 2021 quarter fell 3.7%, which on an annualised basis results in a YTD increase of 4.9%. The impact of COVID-19 alert levels and lockdowns was partially impacting on the September numbers, with the entire country at Level 4 for 14 days of this period. The lockdown in Auckland continued further into Q4, so it is expected the final GDP result of the year will be similarly impacted.
- On 24 November 2021 the Monetary Policy Committee increased the Official Cash Rate (OCR) to 0.75%, this is a 0.25% increase following the 6 October OCR set at 0.5%. This rise in OCR by the Reserve Bank was noted as appropriate to continue reducing the level of monetary stimulus to maintain low inflation and support maximum sustainable employment. Banks have increased mortgage lending rates with further increases in the OCR forecast.
- The 90-day Bank Bill Benchmark Rate (BKBM) sits at 1.08%, as at 27 January, which has crept up from the low point of 0.25% last achieved in November 2020. 10-year bonds currently sit at 2.59%, remaining well above the low of 0.44% in September 2020.
- The unemployment rate is 3.4%, as at September 2021, a 0.6% decrease from the June 2021 quarter. This decline in unemployment brought the rate down to New Zealand's lowest rate on record, matching December 2007, when it was also 3.4%. This also shows a sharp annual decline on an annual basis with the September 2020 quarter at a peak of 5.3% unemployment.
- The REINZ median house price across New Zealand for December 2021 is \$905,000. This is a 21.5% annual increase from December 2020 at a median price of \$745,000 and a 1.6% monthly decrease from November 2021. It is expected that house price growth will gradually slow down with increasing interest rates, tighter lending criteria and changes to investor taxation restrictions.
- Growth in both the residential and non-residential construction sector has mirrored the growth in the New Zealand economy in recent years, with 48,522 new residential consents issued in the year to November 2021, a 2.5% increase from September 2021 which was the highest level since records began and up 26% from November 2020. Non-residential consents to November summed \$8.1 billion, up 17% from the November 2020 year. Capacity pressures are evident in both the supply of materials and labour, with commentators forecasting high construction cost inflation over the coming year.

Following a strong response to COVID-19 in 2020, the arrival of the Omicron Variant of COVID-19 is posing a new threat to New Zealand's health care system. The immediate response to the initial omicron outbreak was to move New Zealand into the Red setting of the traffic light system at midnight 24 January, which has tightened public health measures across the country.

The immediate government strategy is to slow the spread of Omicron by focusing on booster shots which can be booked four months after the second dose of the Pfizer vaccine, with approximately 93.9% of the eligible population having received two doses. Vaccinations for children aged 5-11 have also commenced.

The Government have announced a three-stage plan for Omicron:

- Phase One focuses on a 'stamp it out' approach and keeping cases low for as long as possible to allow people to be boosted and children to be vaccinated.
- Phase Two focuses to slow the spread and protect vulnerable communities, as well as reducing the isolation period.
- Phase Three is when cases are in the thousands, further changes to contact tracing will be made.

### 4.2 Hamilton Industrial Market Summary

In comparison to the office and retail markets, Hamilton's industrial market has continued to outperform and has solidified its lead in the market as the 'go-to' asset class throughout New Zealand at both end of the risk spectrum from defensive investment through to speculative development.

The Hamilton industrial Market remains popular with leasing activity generally strong and rental levels increasing on the back of increased land values and building costs. This coupled with strong levels of tenant demand and low levels of industrial vacancy, has seen Hamilton become a more popular destination for tenants and investors alike, offering a discount to the Auckland industrial market.

Comparison of rents, yields and land values as at 3Q21 for Auckland and Hamilton is set out in the tables below.

Average Net Face Rent \$ psm - combined		
	Auckland	Hamilton
Prime	172	152
Secondary	139	116

Average Yields %		
	Auckland	Hamilton
Prime	3.50 – 4.25	4.25 – 4.75
Secondary	4.50 – 5.50	4.75 - 6.00

Average land value \$ psm		
	Auckland	Hamilton
Range	800 - 1500	350 – 500

Source: JLL Research and Consulting

Occupier and investor demand for Hamilton industrial will only improve with the near-complete Waikato Expressway, which will run from the Bombay Hills in the north to just south of Cambridge passing to the east of Hamilton and to the north east of Cambridge. The Expressway will have two lanes of traffic in each direction and significantly reduce travel times between Hamilton and Auckland. The expressway is being built in seven sections, with the final section (Hamilton) due for completion in mid-2022. We detail below the most up to date map of the Expressway.

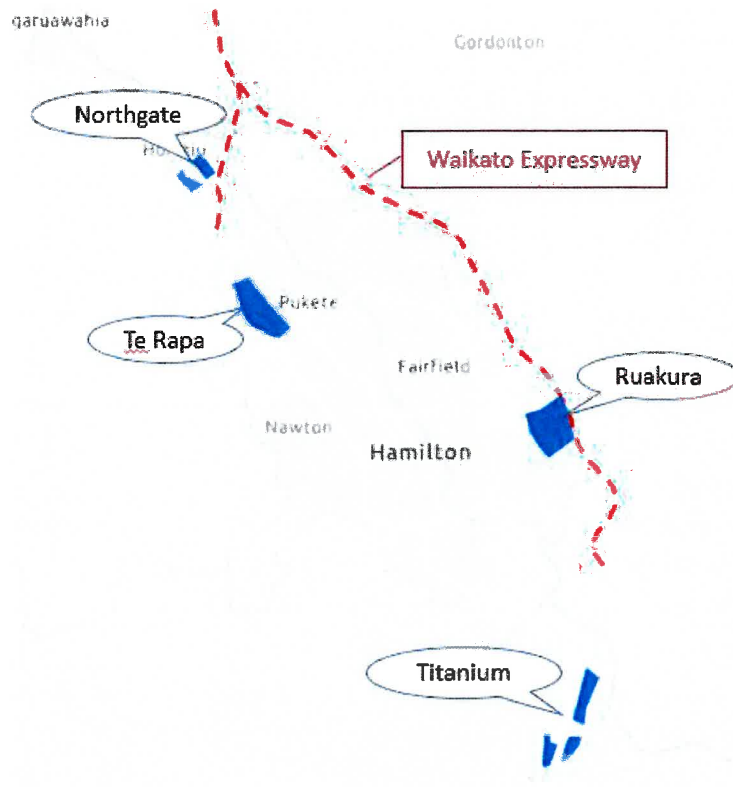
The recently completed Te Huia passenger rail service, which runs between Auckland and Hamilton, commenced operation on 6 April 2021. The service includes two northbound morning services and two southbound evening services, and has been designed to carry up to 500 passengers per day between Hamilton, Huntly and Auckland. This new service improves accessibility between the two cities by providing an alternative to motorway transit.



Source: NZTA

The development of a Ruakura Inland Port will help to further promote Hamilton as a popular industrial destination. On a 50:50 joint venture between Tainui Group Holdings and Port of Tauranga, the Ruakura Inland Port is expected to open mid-2022 at the same time as the final section of the Waikato Expressway. Once opened, Hamilton will become a crucial logistic hub serving to improve connectivity between Tauranga and Auckland, and the port is expected to create 12,000 jobs and take 60,000 freight trucks off the road by shifting them onto rail. Works are soon to commence on the port, beginning with two critical link roads to connect the port to the Waikato Expressway’s Ruakura Interchange. In June, Waitomo Group signed as the first retail and service tenant of the park, and will be opening a full-service flagship Waitomo Fuel Stop offering hydrogen refuelling, EV charging stations, and commercial truck refuelling lanes, as well as a café, convenience store, and two fast-food restaurants.

Hamilton’s four major industrial parks (Te Rapa, Northgate, Titanium and Ruakura) are outlined in the map below. The 480ha Ruakura masterplan is also attached below the map for reference.



Source: JLL Research and Consulting



Source: Tainui Group Holdings

Overall, the industrial sector has a generally positive outlook for the short to medium term as the recovery from COVID-19 continues. We expect that rental levels will continue to rise over the foreseeable future supported by persistently low vacancy and robust demand for industrial space. However, rental growth is not expected to be uniform across all industrial properties as there remains a clear preference for better quality stock.

The Hamilton industrial market is expected to be an attractive alternative to large occupiers who are being pressured out of Auckland as options in Auckland becomes more limited and more expensive. Completion of Waikato Expressway and Ruakura Inland Port will further improve the attractiveness of the Hamilton industrial market.

## 5 Leasing Evidence

### 5.1 Leasing Evidence

In assessing a market rental profile for the accommodation, we have had regard to the lease within the property, together with recent rental evidence in the wider locality. We have had particular regard to the evidence detailed below:

<b>Confidential</b>	<b>Te Rapa, Hamilton</b>		
<b>Effective Date</b>	November 2021	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$1,085,936 pa		
<b>Rental Analysis</b>			<b>Face Rate</b>
Warehouse	6,435.00 m <sup>2</sup>		\$126.96
Office & Amenities	400.00 m <sup>2</sup>		\$240.00
Breezeway Canopy	234.00 m <sup>2</sup>		\$100.00
Canopy	602.00 m <sup>2</sup>		\$70.00
Concrete Yard	3,837.00 m <sup>2</sup>		\$28.00
Asphalt Yard / Parking	1,600.00 m <sup>2</sup>		\$0
Parking	55 parks		\$0
	<b>Hautapu</b>		
<b>Effective Date</b>	May 2021	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$480,000 pa		
<b>Rental Analysis</b>			<b>Face Rate</b>
Warehouse	3,600.00 m <sup>2</sup>		\$117.50
Offices & Amenities	100.00 m <sup>2</sup>		\$220.00
Compressor Room	50.00 m <sup>2</sup>		\$117.50
Yard	1,295.00 m <sup>2</sup>		\$22.49
	<b>Te Rapa, Hamilton</b>		
<b>Effective Date</b>	April 2021	<b>Lease Basis</b>	New Lease
<b>Contract Rent</b>	\$358,000 pa		
<b>Rental Analysis</b>			<b>Face Rate</b>
Warehouse	2,063.00 m <sup>2</sup>		\$125.00
Office	178.00 m <sup>2</sup>		\$215.00
Internal Office	173.00 m <sup>2</sup>		\$215.00
Yard	1,000.00 m <sup>2</sup>		\$25.00
	<b>Te Rapa, Hamilton</b>		
<b>Effective Date</b>	March 2021	<b>Lease Basis</b>	Rent Review
<b>Contract Rent</b>	\$473,500 pa		
<b>Rental Analysis</b>			<b>Effective Rate</b>
Warehouse	4,362.64 m <sup>2</sup>		\$102.00
GF Offices	94.50 m <sup>2</sup>		\$165.00
Mezzanine Storage	89.10 m <sup>2</sup>		\$49.48
Canopies	189.10 m <sup>2</sup>		\$45.00

**Confidential****Pokeno**

<b>Effective Date</b>	December 2020	<b>Lease Basis</b>	<b>New Lease</b>
<b>Contract Rent</b>	\$972,276 pa		
<b>Rental Analysis</b>			<b>Face Rate</b>
Warehouse	2,965.63 m <sup>2</sup>		\$112.50
Office & Amenities	199.34 m <sup>2</sup>		\$215.00
Warehouse Office	84.48 m <sup>2</sup>		\$135.00
Canopy	487.00 m <sup>2</sup>		\$56.22
Yard	895.00 m <sup>2</sup>		\$20.00
Warehouse	2,576.00 m <sup>2</sup>		\$130.00
Office & Amenities	200.00 m <sup>2</sup>		\$225.00
Canopy	1,380.00 m <sup>2</sup>		\$64.03
Canopy	955.00 m <sup>2</sup>		\$56.25
Yard	350.00 m <sup>2</sup>		\$20.00

**Avalon, Hamilton**

<b>Effective Date</b>	November 2020	<b>Lease Basis</b>	<b>New Lease</b>
<b>Contract Rent</b>	\$700,000 pa		
<b>Rental Analysis</b>			<b>Face Rate</b>
Warehouse	6,053.00 m <sup>2</sup>		\$100.00
Office	156.00 m <sup>2</sup>		\$180.00
Canopy	1,232.00 m <sup>2</sup>		\$40.00
Yard	850.00 m <sup>2</sup>		\$20.00

In addition to the above, we are also aware of a long term leaseback within Hamilton for a large industrial facility of circa 30,000 square metres achieving circa \$95 per square metre over the warehouse accommodation agreed in mid 2019. We note that this is much larger than the subject, and the industrial rental market has increased since this date. As such, this sets the lower limit.

The evidence above ranges between circa \$100 and \$125 per square metre over the warehouse, \$165 to \$240 per square metre over the offices, and \$40 to \$70 per square metre over the canopy, largely dependent on the size, specification and location. We would expect the subject property to achieve rates around the middle of the indicated range given the size, location and quality of the subject.

The upper end of the range is set by the recently agreed pre-committed confidential lease at Te Rapa, whereby the accommodation will present to a modern standard providing high stud warehouse accommodation and good quality offices in a superior location, and being smaller in size. The achieved rates of just over \$125 per square metre over the warehouse, \$240 per square metre over the offices, and \$70 per square metre over the canopy all set the upper limit.

The rent review agreed in March 2021 in Te Rapa reflects a property situated in a superior location but provides an inferior quality building with basic offices and a lower stud warehouse. The warehouse rent agreed at just over \$100 per square metre and the offices agreed at \$165 per square metre. We would expect the subject to achieve higher rates to both.

We would expect the subject to achieve a similar warehouse rate to the new lease agreed in May 2021 in Hautapu, just north of Cambridge. The property comprises a smaller, modern industrial building constructed in 2019 which is also column interrupted.

We refer you to our adopted net market rental profile overleaf:

## 5.2 Market Rental Profile

We have assessed the market rental profile for the property on a net basis. Our adopted market rental profile is as summarised below:

Tenant Name	Premises	Lettable Area	Car Parks	Next Review/Expiry	Review Type	Contract Rental	Rental / sqm	Car Park pcpw	Recovery / sqm	Ideal Recovery	Net Market / sqm	Gross Market / sqm	Car Park pcpw	Net Market Rental
Torpedo7	Warehouse	13,245.1	110	Mar 2022	Other	\$1,324,503	\$100		\$7	\$7	\$115	\$122	\$0	\$1,523,181
Torpedo7	GF Office	288.8		Mar 2022	Other	\$50,327	\$174		\$7	\$7	\$170	\$177		\$49,103
Torpedo7	FF Office	288.8		Mar 2022	Other	\$50,327	\$174		\$7	\$7	\$170	\$177		\$49,103
Torpedo7	Main Canopy	1,581.4		Mar 2022	Other	\$79,069	\$50		\$7	\$7	\$60	\$67		\$94,883
Torpedo7	Side Canopy	105.6		Mar 2022	Other	\$3,169	\$30		\$7	\$7	\$40	\$47		\$4,225
Torpedo7	Sprinkler Room	37.8		Mar 2022	Other	\$3,404	\$90		\$7	\$7	\$100	\$107		\$3,782
Torpedo7	Charging Bay	419.4		Mar 2022	Other	\$37,749	\$90		\$7	\$7	\$100	\$107		\$41,943
Torpedo7	Storage	21.4		Mar 2022	Other	\$641	\$30		\$7	\$7	\$50	\$57		\$1,068
Torpedo7	Workroom	21.4		Mar 2022	Other	\$2,562	\$120		\$7	\$7	\$130	\$137		\$2,776
Aggregate		16,009.7	110			\$1,551,751								\$1,770,062

### 5.3 Net Income Assessment

The table below presents both the passing income and adopted market net income profile of the Property:

Passing Versus Market Comparison	Passing per annum	Market per annum
<b>Rental Analysis</b>		
Lettable Area Rental	\$1,551,751	\$1,770,062
Outgoings Recovery	\$116,433	\$116,433
<b>Gross Income</b>	<b>\$1,668,184</b>	<b>\$1,886,495</b>
Outgoings	\$116,433	\$116,433
<b>Net Income</b>	<b>\$1,551,751</b>	<b>\$1,770,062</b>

## 6 Sales Evidence

### 6.1 Sales Transaction

In assessing a suitable capitalisation rate and discount rate profile for the Property, we have had regard to a range of property transactions. Given the paucity of comparable large industrial buildings with a medium WALT that have transacted in Hamilton, we have also considered evidence from Auckland and made appropriate adjustments to reflect the locational difference. The more relevant sales are summarised in the sales schedule and commentary below:

#### Hamilton Transactions

<b>Te Rapa, Hamilton</b>			
<b>Sale Price</b>	\$8,800,000	<b>Sale Date</b>	September 2021
<b>Initial Yield</b>	4.64%	<b>Equivalent Yield</b>	4.77%
<b>IRR</b>	6.61%	<b>WALT</b>	6.58 years
<b>Pokeno</b>			
<b>Sale Price</b>	\$24,750,000	<b>Sale Date</b>	May 2021
<b>Initial Yield</b>	4.55%	<b>Equivalent Yield</b>	4.13%
<b>IRR</b>	5.90%	<b>WALT</b>	12.00 years
<b>Hautapu</b>			
<b>Sale Price</b>	\$8,600,000	<b>Sale Date</b>	May 2021
<b>Initial Yield</b>	5.58%	<b>Equivalent Yield</b>	5.45%
<b>IRR</b>	6.76%	<b>WALT</b>	3.00 years
<b>Te Rapa, Hamilton</b>			
<b>Sale Price</b>	\$15,335,000	<b>Sale Date</b>	May 2021
<b>Initial Yield</b>	4.65%	<b>Equivalent Yield</b>	4.80%
<b>IRR</b>	6.38%	<b>WALT</b>	9.50 years
<b>Pukete, Hamilton</b>			
<b>Sale Price</b>	\$11,750,000	<b>Sale Date</b>	April 2021
<b>Initial Yield</b>	4.77%	<b>Equivalent Yield</b>	4.70%
<b>IRR</b>	6.55%	<b>WALT</b>	2.00 years
<b>Frankton, Hamilton</b>			
<b>Sale Price</b>	\$23,750,000	<b>Sale Date</b>	March 2021
<b>Initial Yield</b>	4.59%	<b>Equivalent Yield</b>	4.57%
<b>IRR</b>	5.79%	<b>WALT</b>	11.42 years
<b>Hamilton</b>			
<b>Sale Price</b>	\$16,000,000	<b>Sale Date</b>	November 2020
<b>Initial Yield</b>	4.42%	<b>Equivalent Yield</b>	4.63%
<b>IRR</b>	6.70%	<b>WALT</b>	15.00 years



The sales above indicate a yield range of between circa 4.4% and 5.5% on an initial yield range, between circa 4.1% and 5.5% on an equivalent yield basis, and between circa 5.8% and 6.75% on an IRR basis. The lower end of this range reflects the long WALT sales with these sales transacting at circa 4.5% yields and being superior to the subject in terms of WALT and location. The upper limit is set by the sale in May 2021 with a shorter lease term of 3 years and an inferior location, with the yields reflecting circa 5.5%.

## Auckland Transactions

Given the paucity of large, medium WALT industrial transactions in Hamilton, we have also had regard to the following sales from Auckland:

Takanini, Auckland			
<b>Sale Price</b>	\$17,200,000	<b>Sale Date</b>	October 2021
<b>Initial Yield</b>	5.26%	<b>Equivalent Yield</b>	5.21%
<b>IRR</b>	7.10%	<b>WALT</b>	1.23 years

Onehunga, Auckland			
<b>Sale Price</b>	\$34,400,000	<b>Sale Date</b>	August 2021
<b>Initial Yield</b>	3.64%	<b>Equivalent Yield</b>	4.21%
<b>IRR</b>	5.92%	<b>WALT</b>	5.91 years

Mangere, Auckland (Confidential)			
<b>Sale Price</b>	\$31,400,000	<b>Sale Date</b>	May 2021
<b>Initial Yield</b>	3.98%	<b>Equivalent Yield</b>	4.11%
<b>IRR</b>	5.65%	<b>WALT</b>	8.50 years

Avondale, Auckland			
<b>Sale Price</b>	\$18,000,000	<b>Sale Date</b>	May 2021
<b>Initial Yield</b>	3.97%	<b>Equivalent Yield</b>	4.46%
<b>IRR</b>	6.07%	<b>WALT</b>	5.42 years

The sales above indicate a yield range of between circa 3.75% and 4.50%, and between circa 5.65% and 6.1% on an IRR basis, excluding the recent sale in Takanini which comprises a shorter WALT and more specialised property which sets the upper limit. The other Auckland sales are superior in location to the subject and have comparable or longer remaining lease terms, and as such are superior to the subject.

Taking these into account together with the Hamilton evidence discussed above, we consider 4.5% to set the lower yield limit and is where the longer WALT Hamilton properties have transacted at. Inferior quality properties have typically transacted for in excess of 5%.

The subject provides a medium remaining lease term to a good tenant covenant with three yearly reviews to the lower of CPI and 2.5% fixed, and being situated in a secondary location but providing a modern industrial building. Based on the comments and sales evidence, we have adopted the following valuation inputs:

Valuation Input	
Capitalisation Rate	5.000%
Discount Rate	6.625%

# 7 Valuation Considerations

## 7.1 SWOT Analysis

The strengths and weaknesses of any investment property generally show the positive and negative characteristics of that property, whereas opportunities and threats represent future external factors or events that could enhance or diminish the value of the asset. We set out our SWOT analysis as inspected as follows:

Strengths	Weaknesses
<ul style="list-style-type: none"><li>▪ Freehold property.</li><li>▪ Modern industrial building.</li><li>▪ Medium remaining lease term with long renewal options.</li><li>▪ Situated within a growing location.</li><li>▪ Surplus land component.</li><li>▪ Low interest rate environment and strong demand for industrial property.</li></ul>	<ul style="list-style-type: none"><li>▪ 3 yearly reviews to the lesser of CPI and equivalent fixed 2.5% increases.</li><li>▪ Secondary location.</li><li>▪ Large industrial building within the Hamilton / Waikato industrial market.</li><li>▪ Carpark bisecting the development land.</li><li>▪ Encumbrance on surplus land allowing the land to be purchased in 2114 for \$1 by Waikato Regional Airport Limited.</li></ul>
Opportunities	Threats
<ul style="list-style-type: none"><li>▪ Explore development opportunities on surplus land.</li></ul>	<ul style="list-style-type: none"><li>▪ The economic and social impacts of COVID-19 have the potential to be persistent.</li><li>▪ Low interest rates have driven a significant asset price trend over the last few years, which may start to reverse as central bank rates and the cost of funding increase.</li><li>▪ Extended vacancy on expiry of the lease.</li></ul>

## 7.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is up to 6 months, assuming that the property is presented to the market in accordance with the specific assumptions noted in this report, and with an appropriate level of marketing. The actual time to sell the property may vary depending on the number of potential buyers in the marketplace, availability of comparable properties, access to finance, and changes in market conditions subsequent to the valuation date.

## 7.3 Most Probable Purchaser

In consideration of the current market, we anticipate the most probable purchaser of the Property to be a private investor, institutional investor or property syndicator.

## 7.4 Sales History

The subject property last transacted for \$22,800,000 plus GST in July 2016.

## 8 Valuation Rationale

### 8.1 Valuation Overview

In arriving at our opinion of market value we have had consideration to the capitalisation and discounted cashflow (DCF) approaches to valuation, along with a cross check via the market comparison approach.

### 8.2 Capitalisation Approach

The capitalisation approach involves the determination of a sustainable net income from the property, and the application of a capitalisation rate as a measure of expected return from the property. Adjustments are made to the core value for items such as under/over renting, required capital expenditure or current/upcoming vacancy.

We have adopted a core capitalisation rate of 5.000%, with our calculations summarised below:

Direct Capitalisation Approach		
Rental Income	Contract Income	Market Income
Lettable Area Rental	\$1,551,751	\$1,770,062
Ideal Outgoings Recovery (Full Net Leases)	\$116,433	\$116,433
<b>Total Rental Income</b>	<b>\$1,668,184</b>	<b>\$1,886,495</b>
Less Outgoings Expenditure	(\$116,433)	(\$116,433)
<b>Net Rental Income</b>	<b>\$1,551,751</b>	<b>\$1,770,062</b>
<b>Core Income Capitalised at 5.00%</b>	<b>\$31,035,020</b>	<b>\$35,401,247</b>
<b>Value Adjustments</b>		
Present Value of Existing Rental Reversions	\$3,577,530	(\$809,898)
Present Value of Short Term Capital Expenditure: 24 months	(\$30,197)	(\$30,197)
<b>Total Value Adjustments</b>	<b>\$3,547,334</b>	<b>(\$840,095)</b>
<b>Total Capitalised Value</b>	<b>\$34,582,354</b>	<b>\$34,561,152</b>
<b>Adopted Capitalised Value (say)</b>	<b>\$34,600,000</b>	<b>\$34,600,000</b>

From our core value, present value adjustments (for rental reversions, letting up allowances, incentives, future lease agreements and short-term CAPEX) where appropriate have been made in order to derive the resultant capitalised value.

Our adopted adjustments are detailed as follows:

#### Rental Reversions

From the core value, we have added/deducted the present value of tenant rental reversions, which represents the present value of rental overage / underage for the tenancy relative to our adopted rental profile.

#### Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total \$30,197.

#### Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$34,600,000. A sensitivity analysis based on adjustments to our adopted Core Capitalisation rate is as displayed below:

Sensitivity Analysis		Contract Approach	Market Approach
(0.25%)	4.750%	\$36,400,000	\$36,400,000
<b>Adopted Capitalisation Rate</b>	<b>5.000%</b>	<b>\$34,600,000</b>	<b>\$34,600,000</b>
0.25%	5.250%	\$32,900,000	\$32,900,000

### 8.3 Discounted Cash Flow Approach

We have undertaken a discounted cash flow analysis over a 10-year investment horizon to derive a net present value for the Property.

We note that a DCF analysis looks to forecast cashflow performance from the property over a future horizon based on an understanding and due diligence related to the property and the specific market in which it sits. The adopted forecasts incorporate what we consider reasonably foreseeable as at the valuation date in terms of key lease events, capital expenditure and likely growth in rental rates, costs and changes in property values over the cashflow term. We note that the actual cashflows associated with the property may vary significantly depending on management decisions, market conditions or unforeseeable events.

#### Discount Rate

In assessing an appropriate target discount rate for the property, we have considered primarily the analysis of recent comparable or benchmark property sales, the current level of risk free return, discussions with active property investors as well as consideration of the property's specific investment attributes.

We have applied a target discount rate of 6.625% to the cash flows to produce a present value of \$34,900,000. Our DCF calculations are summarised overleaf:



The main valuation inputs used in our cash flow are summarised as follows:

## Revenue Projections

Our revenue projections commence with the passing rents for the tenant and, where relevant, include structured annual and market rent reviews, together with ratchet clauses, as provided for under the existing lease.

## Growth Rates

A summary of the growth rates adopted for the cash flow period are as follows:

Growth	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Industrial							10 year average		2.90%	
	3.00%	3.25%	3.25%	3.00%	3.00%	3.00%	2.75%	2.75%	2.50%	2.50%
Offices & Amenities							10 year average		2.90%	
	3.00%	3.25%	3.25%	3.00%	3.00%	3.00%	2.75%	2.75%	2.50%	2.50%
CPI							10 year average		2.20%	
	3.00%	2.50%	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Capex							10 year average		3.20%	
	4.00%	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Outgoings							10 year average		3.20%	
	4.00%	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

The market rents have been grown over the 10-year cash flow period by their respective growth rate as set out within the summary table above. In formulating our views as to the appropriate projected rental growth rates we have had regard to forecasts supplied by JLL Research and NZIER. These forecasts have been used as a base from which growth rates appropriate for the Property have been derived.

## Letting Up Allowances

We have allowed for a letting up period at the end of the lease (being the estimated time to secure a new tenant) and associated probability. We have assumed a new lease term for tenants of 6.0 years and associated agents/leasing costs of 16.00%. Our allowances are outlined in the table below:

Industrial	Cash Flow Year	Letting Up	Probability	Incentive	Probability	Capex /sqm	Probability
	Vacant	12 months	50%	-	100%	\$10	100%
	Year 1	12 months	50%	-	100%	\$10	100%
	Year 2	12 months	50%	-	100%	\$10	100%
	Year 3	12 months	50%	-	100%	\$10	100%
	Year 4	12 months	50%	-	100%	\$10	100%
	Year 5	12 months	50%	-	100%	\$10	100%
	Year 6	12 months	50%	-	100%	\$10	100%
	Year 7	12 months	50%	-	100%	\$10	100%
	Year 8	12 months	50%	-	100%	\$10	100%
	Year 9	12 months	50%	-	100%	\$10	100%
	Year 10	12 months	50%	-	100%	\$10	100%

## Capital Expenditure

Within our calculations we have made capital expenditure allowances for any known upcoming costs, together with our own allowances for capital and refurbishment works coinciding with major lease expiries that we feel would be necessary to achieve our rental growth forecast and which a prudent purchaser is likely to make allowances for. The allowances we have made are as summarised below, split between capex associated with a tenancy expiry or renewal, and general property expenditure:

Cash Flow Year	Tenancy Capex	Building Capex	Total Capex
Year 1	\$0	\$20,400	\$20,400
Year 2	\$0	\$10,764	\$10,764
Year 3	\$0	\$11,141	\$11,141
Year 4	\$0	\$11,475	\$11,475
Year 5	\$223,633	\$11,819	\$235,452
Year 6	\$0	\$12,174	\$12,174
Year 7	\$0	\$12,539	\$12,539
Year 8	\$0	\$12,915	\$12,915
Year 9	\$0	\$13,303	\$13,303
Year 10	\$0	\$13,702	\$13,702
<b>10 Year Total</b>	<b>\$223,633</b>	<b>\$130,231</b>	<b>\$353,864</b>
Capex as a proportion of Value	1.0%	Per Sqm of Lettable Area	\$22.10

The above allowances have been adjusted for forecast CPI movements throughout the cash flow.

## Estimated Terminal Sale Price

We have applied a terminal yield of 5.250% (a 25.0 basis point premium to the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

In estimating the terminal value of the property, we have primarily had regard to the increased age of the property at the end of the cashflow and likely occupancy and net income profile for the property.

## Transaction Costs

We have made allowances for the following transaction costs within our discounted cash flow:

Transaction Costs	
Acquisition Costs	Nil
Disposal Costs	1.50% of the forecast Terminal Value

## Sensitivity Analysis

The table below highlights a sensitivity analysis of the net present value around variations to the discount rate and terminal yield:

Discount Rate	Terminal Yield		
	5.000%	5.250%	5.500%
6.375%	\$36,800,000	\$35,700,000	\$34,500,000
6.625%	\$36,100,000	\$34,900,000	\$33,900,000
6.875%	\$35,400,000	\$34,300,000	\$33,200,000

## 9 Valuation

### 9.1 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	\$34,600,000
Capitalisation Approach - Contract Income	\$34,600,000
Discounted Cash Flow Approach	\$34,900,000
Adopted Value	\$34,750,000

### 9.2 Valuation Conclusion

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present market sentiment, we have adopted a rounded valuation figure of \$34,750,000 plus GST (if any).

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature that would affect value, in our opinion its market value as at 9 February 2022, is:

**\$34,750,000 plus GST (if any)**

**Thirty Four Million Seven Hundred Fifty Thousand Dollars plus GST (if any)**

The assessed value reflects an initial passing yield of 4.47%, an equivalent yield of 4.97%, an internal rate of return of 6.70%, and a rate of \$2,171 per square metre of Lettable Area.

We confirm that this report is confidential to the following parties and for the specific purposes noted below:

- PMG Generation Fund Trustees Limited – for inclusion within a Product Disclosure Statement

No responsibility is accepted to any third parties. Neither the whole of the report, or any part of it, or any reference to it, may be published in any document, statement or circular nor in any communication with third parties without our prior written approval of the form and context in which it will appear.



### 9.3 Involvement Statement

The following parties have been involved in the completion of this valuation:

Inspection of Property	Wouter Robberts, Brad Chemaly
Calculations	Wouter Robberts, Brad Chemaly
Information Review	Wouter Robberts, Brad Chemaly
Report Authoring	Brad Chemaly
Quality Assurance	Ben Johnson
Principal Valuer	Wouter Robberts

JLL require that all Valuation Reports are reviewed for Quality Assurance purposes before external release. The individual that has undertaken the Quality Assurance review offers no opinion on the subject property(s).

Yours faithfully,  
Jones Lang LaSalle, Valuation Advisory



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## Appendix 1 – Valuation Definitions

Net Passing Income	The annual sum of the current base rent, any supplementary income and recoverable outgoings, less total outgoings.
Net Income, Fully Leased	The annual net passing income as above, plus estimated income from vacant tenancies and any immediate reversions.
Capitalisation Rate	The capitalisation rate adopted within the valuation applied to either the net income, fully leased (excluding supplementary income) or net market income prior to adjustments for vacancy, rental reversion and capital expenditure.
Initial Yield	The net passing income from an investment divided by the sale price or value adopted for the investment.
Market Yield	The assessed net market income divided by the sale price or value adopted.
Equivalent Yield	A market yield which reflects additional adjustments for capital expenditure, letting up assumptions or the present value of rental reversions after the capitalisation of income.
Discount Rate	A rate of return used to convert a future monetary sum or cash flow into a present value.
Internal Rate of Return (IRR)	The discount rate at which the present value of the future cash flows of the investment equals the acquisition cost of the investment.
Terminal Yield	Alternatively referred to as a Reversionary Yield, being the anticipated yield from an investment property once a reversionary value is attained at the end of the cashflow with adjustments for vacancy allowances.
Ten Year IRR	The IRR (as above) for which the property would achieve based on the present value of all the net cashflows over a 10-year period given the assessed value.
Market Rent	The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
Market Value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
Highest and Best Use	The use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible.
Weighted Average Lease Term (WALT)	The weighted average lease term remaining to expire across the property or portfolio, it can be weighted by rental income or lettable area.
Fair Value	Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Appendix 2 – Record of Title



**RECORD OF TITLE  
UNDER LAND TRANSFER ACT 2017  
FREEHOLD  
Search Copy**



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** **576455**  
**Land Registration District** **South Auckland**  
**Date Issued** 03 April 2012  
**Prior References**  
424713 424714

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**Estate** Fee Simple  
**Area** 1.7675 hectares more or less  
**Legal Description** Lot 1 Deposited Plan 450467  
**Registered Owners**  
PMG Generation Fund Trustees Limited

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**Interests**

B537026.1 Gazette Notice declaring the adjoining State Highway 21 (Narrows Bridge - SH 3 Intersection) to be a limited access road - 12.4.1999 at 1.11 pm (affects part formerly Lot 13 DP 407016)

B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 - 3.11.2000 at 11.45 am (affects part formerly Lot 6 DP 307815)

8988849.10 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 3.4.2012 at 12:36 pm

Subject to a right (in gross) to convey water and sewage over part marked H on DP 450467 in favour of Waipa District Council created by Easement Instrument 8988849.13 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.13 are subject to Section 243 (a) Resource Management Act 1991  
Subject to a right (in gross) to convey telecommunications, computer media and electricity over part marked H on DP 450467 in favour of WEL Networks Limited created by Easement Instrument 8988849.14 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.14 are subject to Section 243 (a) Resource Management Act 1991  
Appurtenant hereto is a right of way and a right to convey telecommunications and computer media created by Easement Instrument 8988849.16 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.16 are subject to Section 243 (a) Resource Management Act 1991  
Land Covenant in Easement Instrument 8988849.17 - 3.4.2012 at 12:36 pm

8988849.18 Encumbrance to Waikato Regional Airport Limited - 3.4.2012 at 12:36 pm

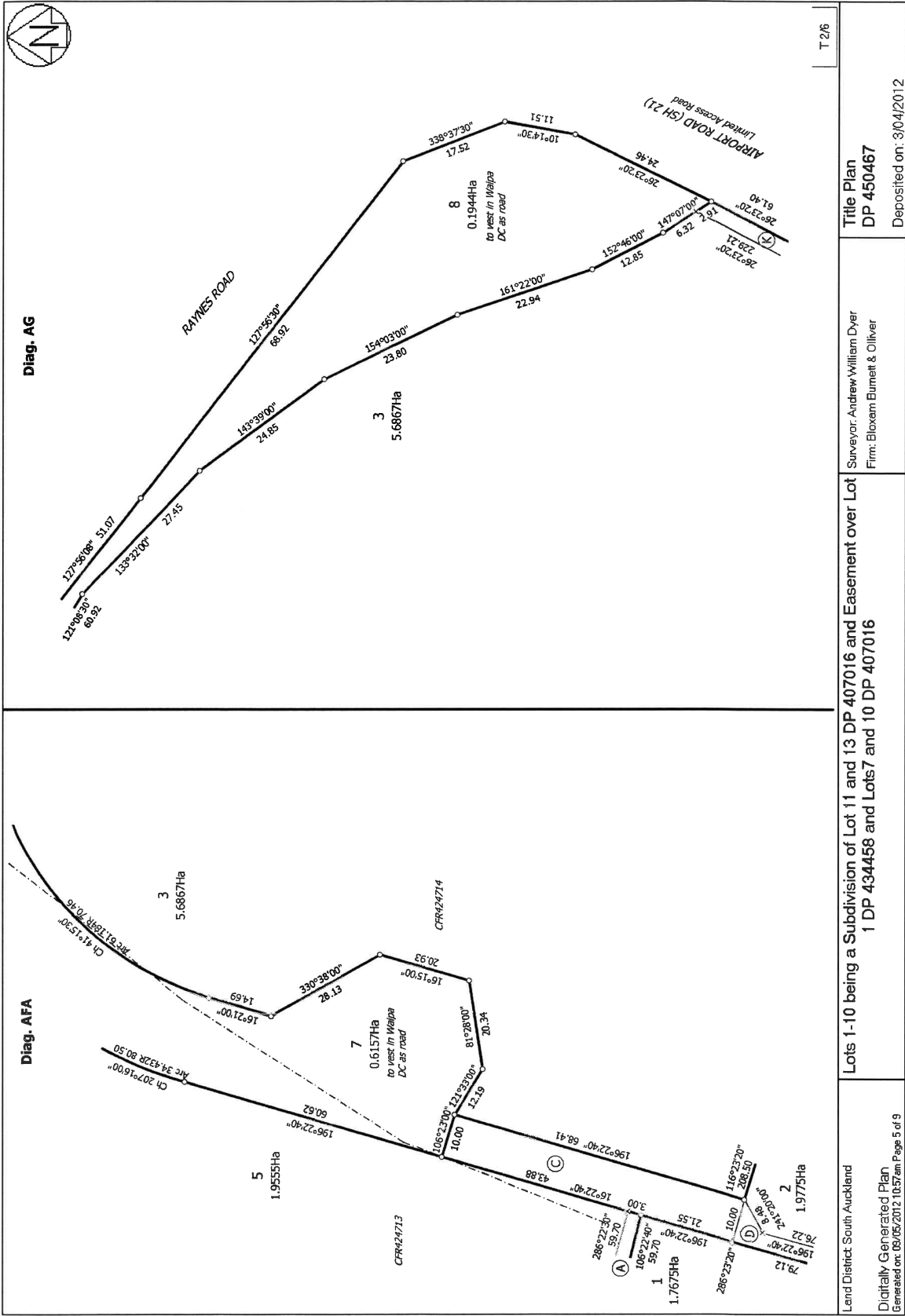
9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576456 and SA38B/452 ) - 1.11.2012 at 4:35 pm

11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RTs 30510, 829635, 424709, 449041, 449042, 829630, 829631, 829632, 829636, 824711, 834909, 569313, 754449, 775884, 775885, 815574, 815575, 815576, 815577, 829629, 829634, 839191, 860028, 860029, 860030, 860031, 860032, 860033, 860034, 776836, 776837, 776839, 776841, 793241, 824710, 829633, 605012, 605013 - 27.2.2019 at 7.00 am

11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RT 424715 excluding the area marked B on DP 531319 and RT 839192 excluding the area marked A on DP 531319 – 27.2.2019 at 7.00 am

12194908.6 Mortgage to ASB Bank Limited - 30.7.2021 at 4:21 pm





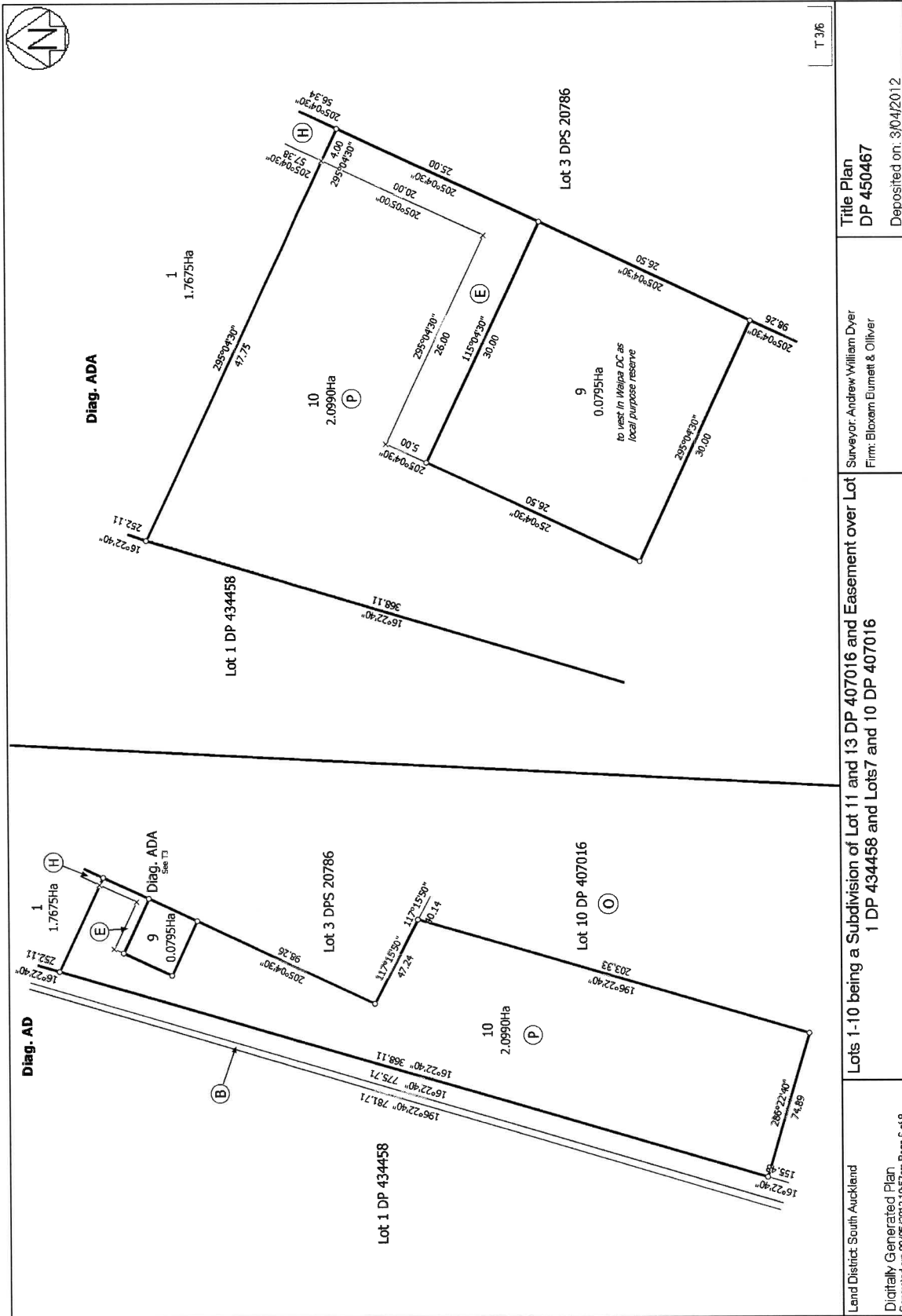
T 2/6

Title Plan  
DP 450467

Surveyor: Andrew William Dyer  
Firm: Bloxam Burnett & Oliver

Lots 1-10 being a Subdivision of Lot 11 and 13 DP 407016 and Easement over Lot 1 DP 434458 and Lots 7 and 10 DP 407016

Deposited on: 3/04/2012



T. 3/6

Title Plan  
DP 450467

Surveyor: Andrew William Dyer  
Firm: Bloomer Edmund & Olliver

Deposited on: 3/04/2012

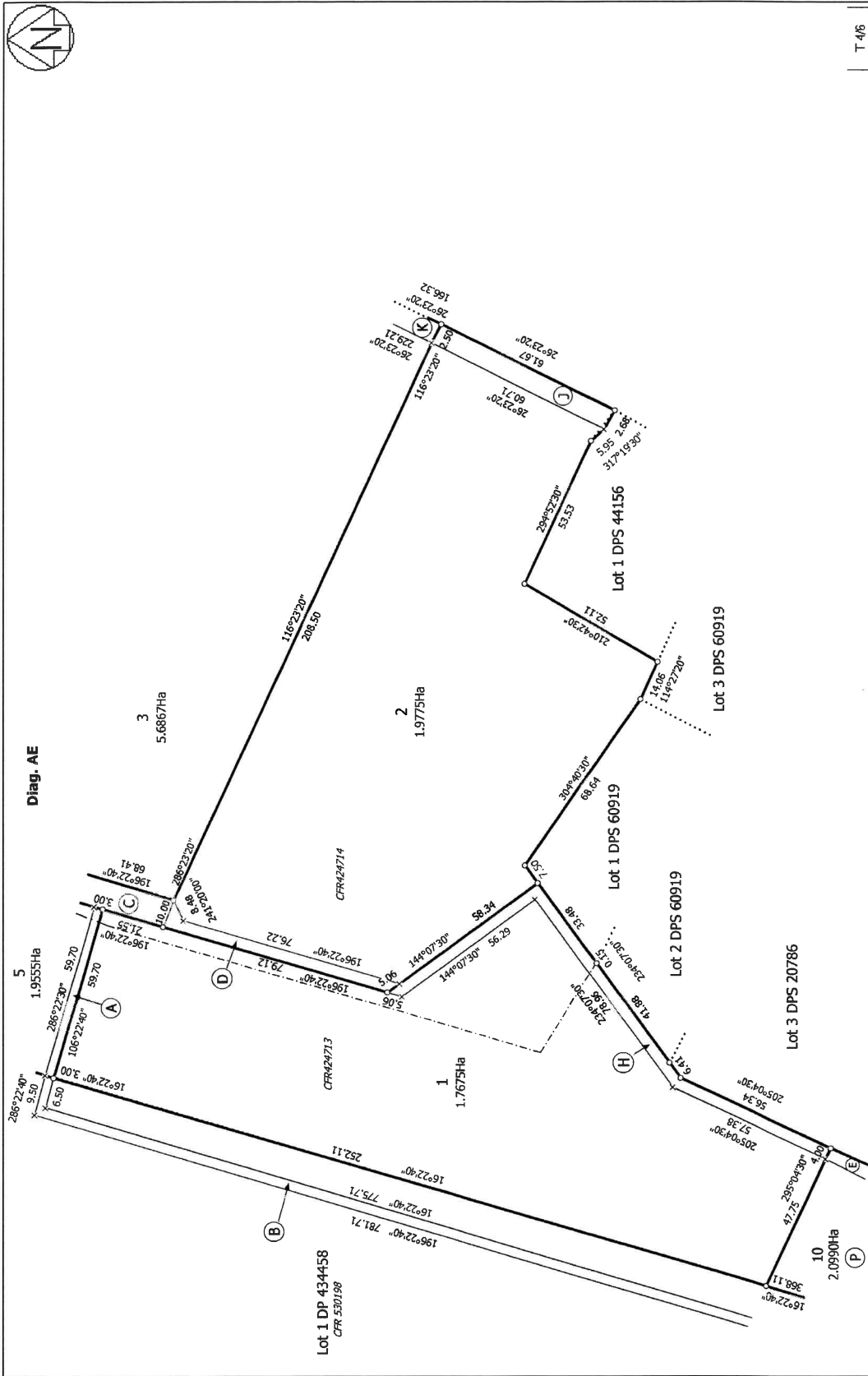
Lots 1-10 being a Subdivision of Lot 11 and 13 DP 407016 and Easement over Lot 1 DP 434458 and Lots 7 and 10 DP 407016

Land District South Auckland

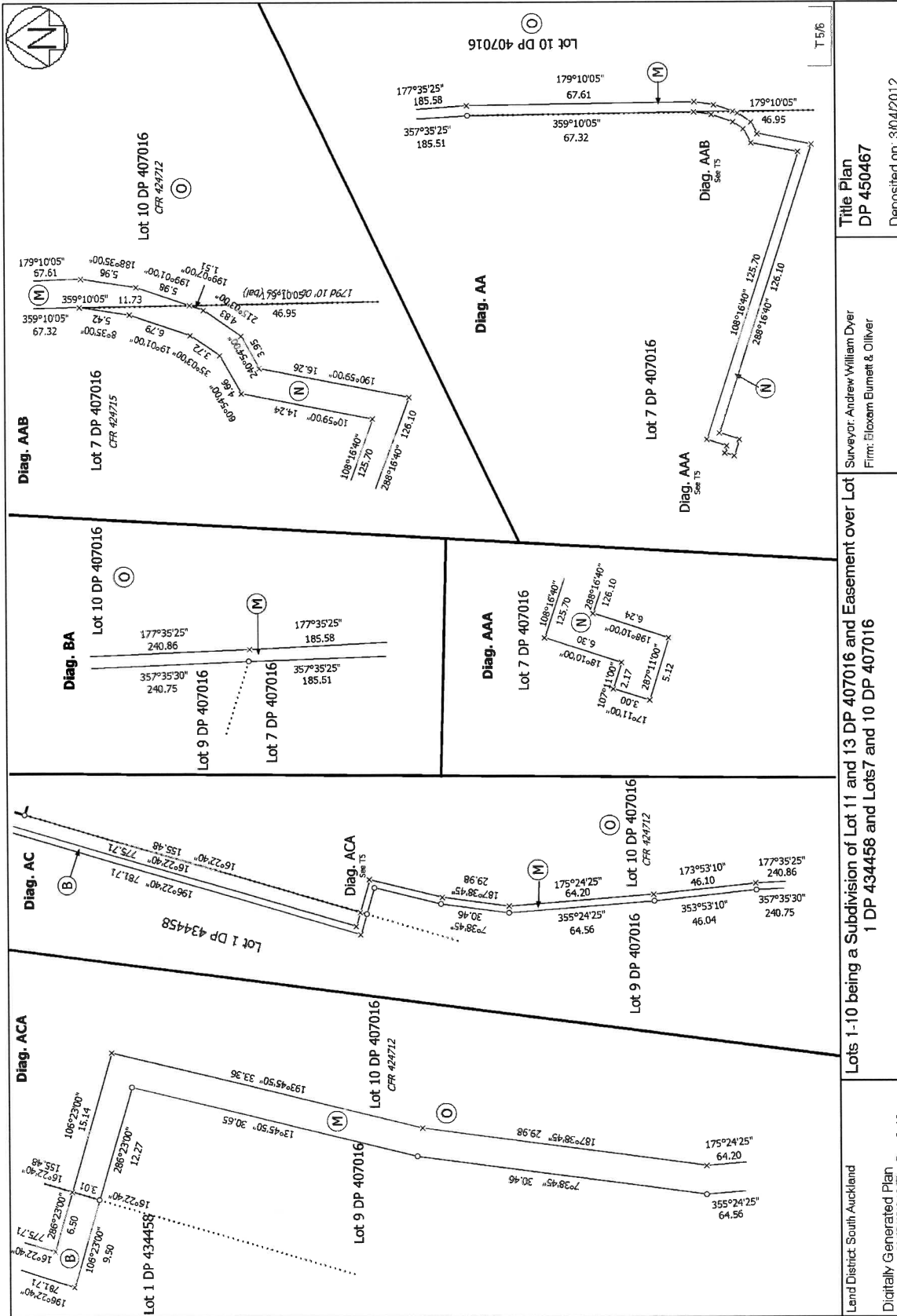
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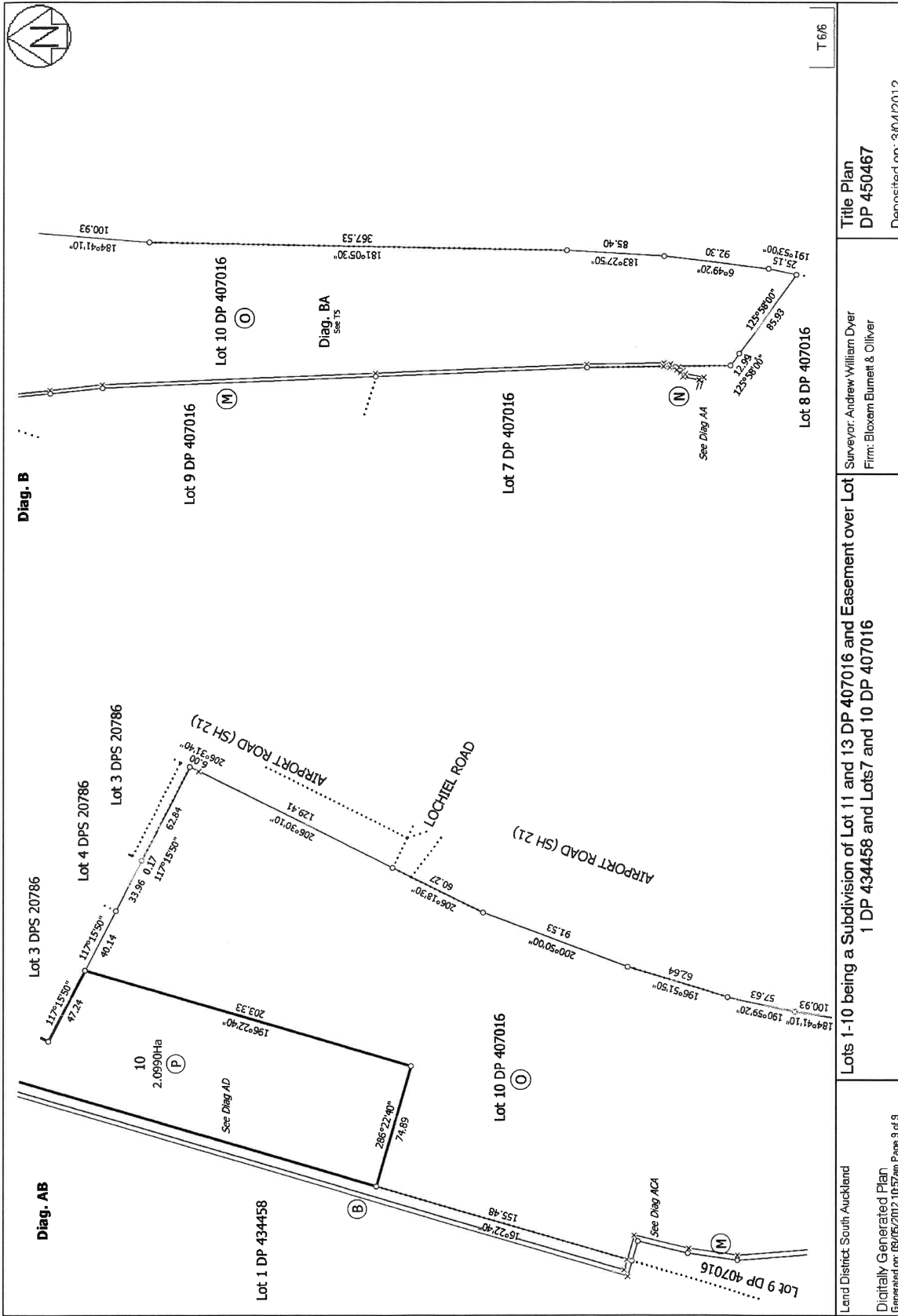
Generated on: 09/05/2012 10:57am Page 6 of 9





<p>Land District South Auckland</p>	<p>Surveyor: Andrew William Dyer Firm: Eloxam Burnett &amp; Oliver</p>	<p><b>Title Plan</b> DP 450467</p>	<p>Deposited on: 3/04/2012</p>
<p><b>Lots 1-10 being a Subdivision of Lot 11 and 13 DP 407016 and Easement over Lot 1 DP 434458 and Lots 7 and 10 DP 407016</b></p>			
<p>Digitally Generated Plan Generated on: 09/05/2012 10:57 am Page 7 of 9</p>			





**Title Plan**  
 DP 450467

Surveyor: Andrew William Dyer  
 Firm: Bloxam Burnett & Olliver

**Lots 1-10 being a Subdivision of Lot 11 and 13 DP 407016 and Easement over Lot 1 DP 434458 and Lots 7 and 10 DP 407016**

Land District: South Auckland  
 Digitally Generated Plan  
 Generated on: 09/05/2012 10:57am Page 3 of 9

Deposited on: 3/04/2012

T 6/6



**RECORD OF TITLE  
UNDER LAND TRANSFER ACT 2017  
FREEHOLD  
Search Copy**



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** **576456**  
**Land Registration District** **South Auckland**  
**Date Issued** 03 April 2012

**Prior References**  
424714

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**Estate** Fee Simple  
**Area** 1.9775 hectares more or less  
**Legal Description** Lot 2 Deposited Plan 450467  
**Registered Owners**  
PMG Generation Fund Trustees Limited

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**Interests**

B537026.1 Gazette Notice declaring the adjoining State Highway 21 (Narrows Bridge - SH 3 Intersection) to be a limited access road - 12.4.1999 at 1.11 pm

B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 - 3.11.2000 at 11.45 am (affects part formerly Lot 6 DP 307815)

8988849.10 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 3.4.2012 at 12:36 pm

Subject to a right (in gross) to convey water and sewage over parts marked D and C and a right of way pedestrian over part marked J all on DP 450467 in favour of Waipa District Council created by Easement Instrument 8988849.13 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.13 are subject to Section 243 (a) Resource Management Act 1991 Subject to a right (in gross) to convey telecommunications, computer media and electricity over parts marked D and C on DP 450467 in favour of WEL Networks Limited created by Easement Instrument 8988849.14 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.14 are subject to Section 243 (a) Resource Management Act 1991 Subject to a right of way and a right to convey telecommunications and computer media over part marked C on DP 450467 created by Easement Instrument 8988849.16 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.16 are subject to Section 243 (a) Resource Management Act 1991 Land Covenant in Easement Instrument 8988849.17 - 3.4.2012 at 12:36 pm

9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576455 and SA38B/452 ) - 1.11.2012 at 4:35 pm

9260357.1 Encumbrance to Waipa District Council - 12.3.2013 at 11:10 am

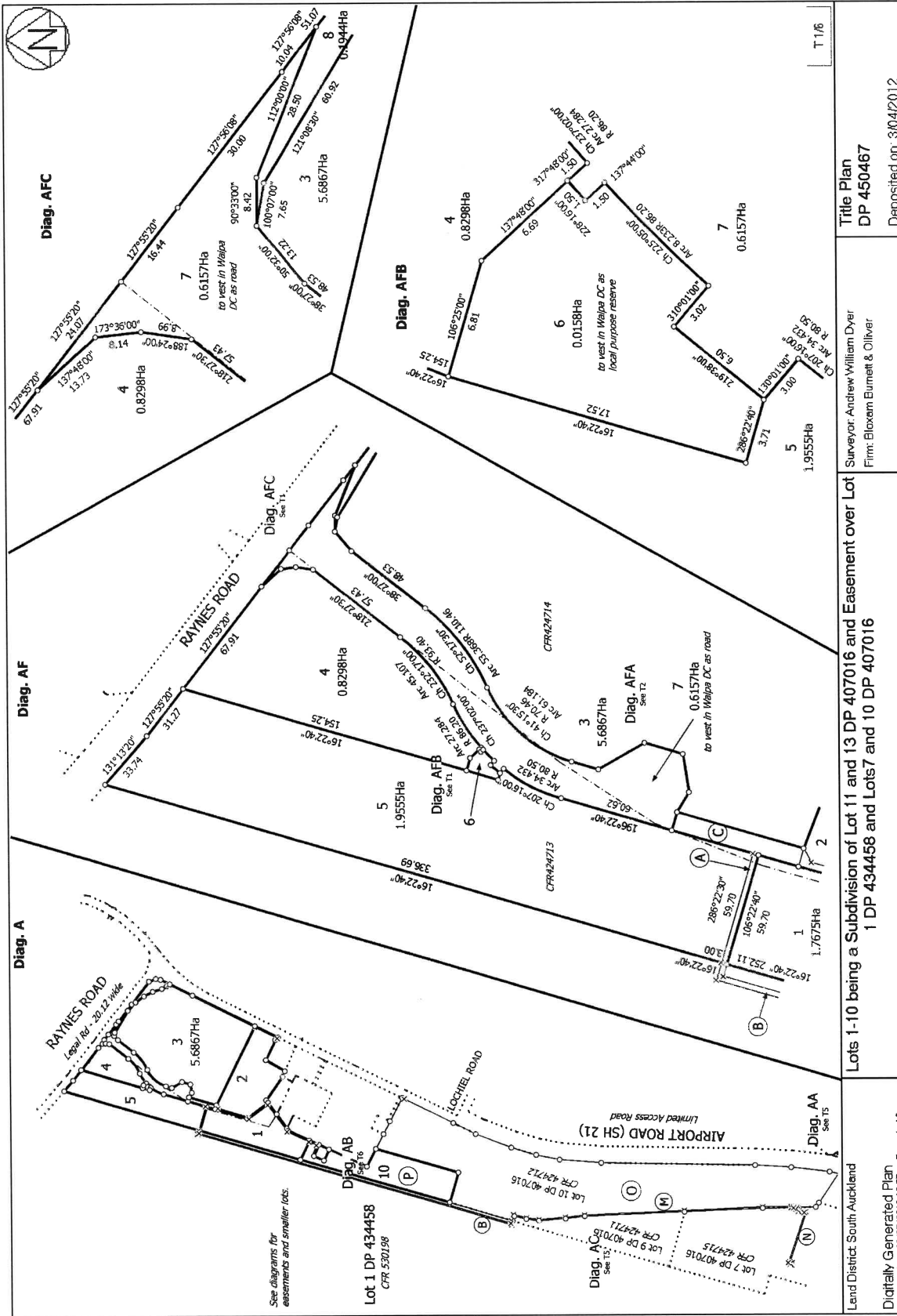
Subject to a right (in gross) to convey electricity, telecommunications and computer media over part marked A on DP 461788 in favour of WEL Networks Limited created by Easement Instrument 9667772.2 - 27.5.2014 at 9:54 am

11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RTs 30510, 829635, 424709, 449041, 449042, 829630, 829631, 829632, 829636, 824711, 834909, 569313, 754449, 775884, 775885, 815574, 815575, 815576, 815577, 829629, 829634,

839191, 860028, 860029, 860030, 860031, 860032, 860033, 860034, 776836, 776837, 776839, 776841, 793241, 824710, 829633, 605012, 605013 – 27.2.2019 at 7.00 am

11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RT 424715 excluding the area marked B on DP 531319 and RT 839192 excluding the area marked A on DP 531319 – 27.2.2019 at 7.00 am

12194908.6 Mortgage to ASB Bank Limited - 30.7.2021 at 4:21 pm



Diag. AF  
Diag. AFB  
Diag. AFC  
Diag. AFA  
Diag. AA  
Diag. AB  
Diag. AC

1 DP 434458  
CFR 530196

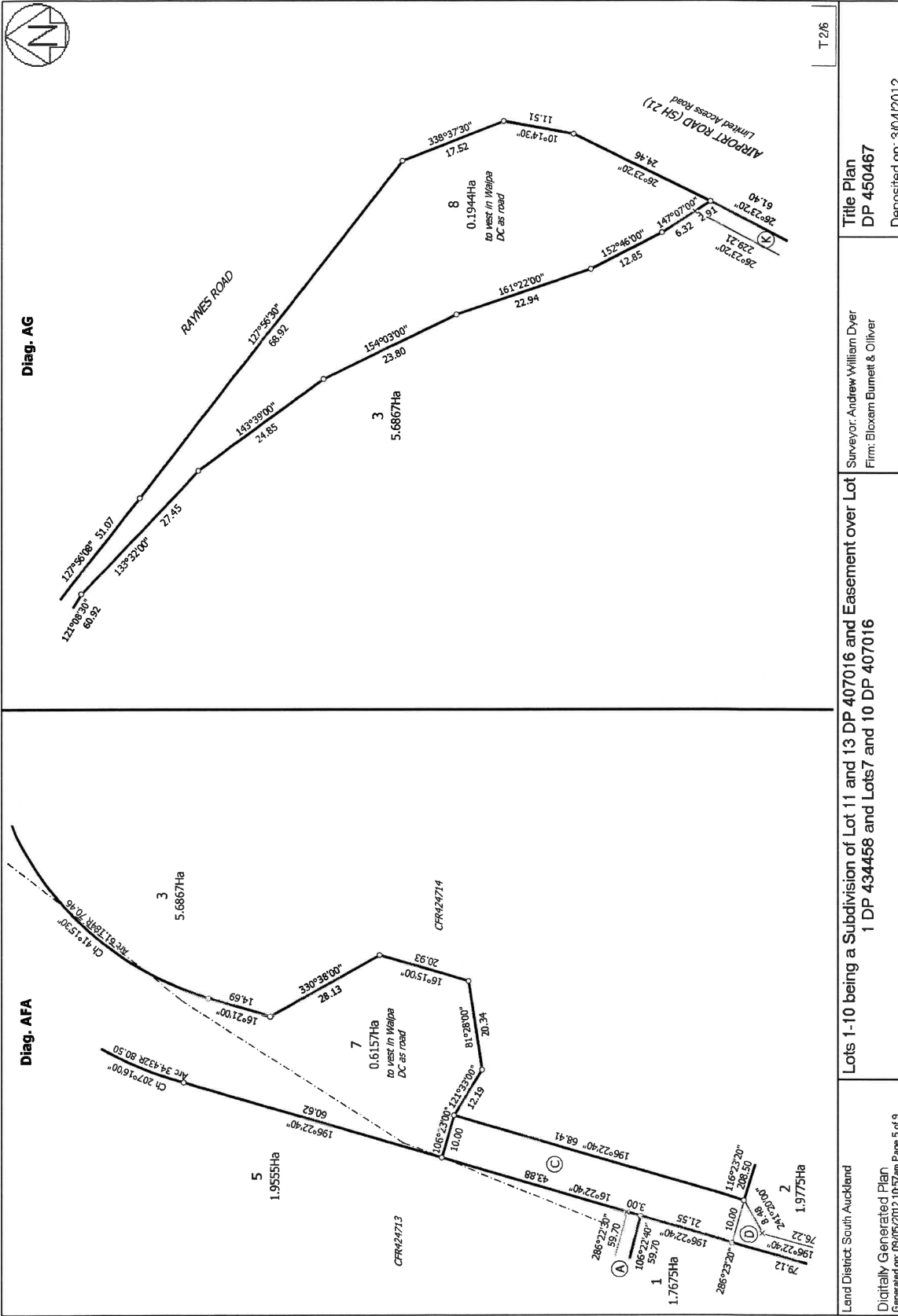
1 DP 434458 and Easement over Lot 1 DP 434458 and Lots 7 and 10 DP 407016

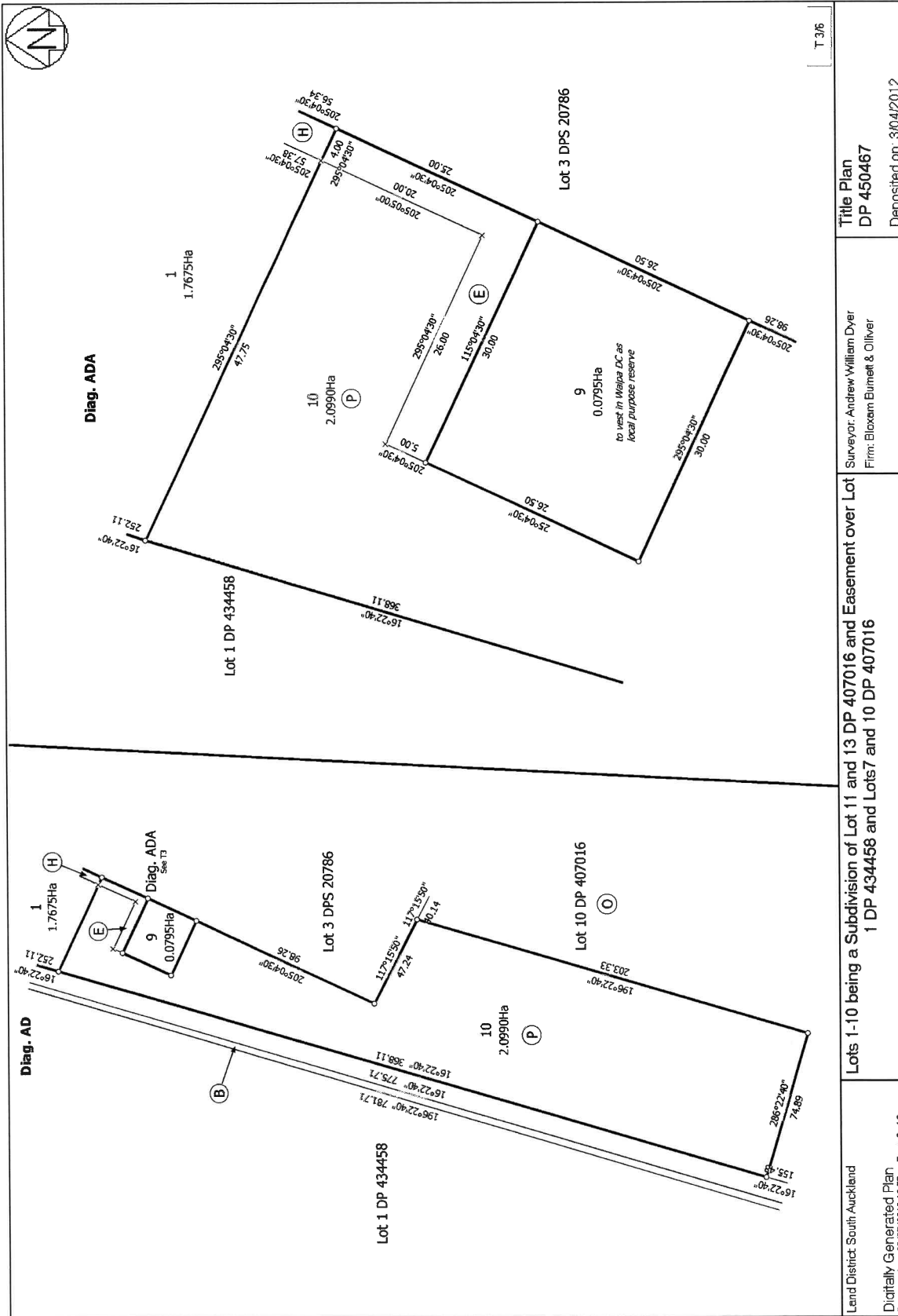
Land District South Auckland  
Digitally Generated Plan  
Generated on: 09/05/2012 10:57am Page 4 of 9

T 1/6

Title Plan  
DP 450467  
Deposited on: 3/04/2012

Surveyor: Andrew William Dyer  
Firm: Bloxham Burnett & Olliver





T. 3/6

Title Plan  
DP 450487

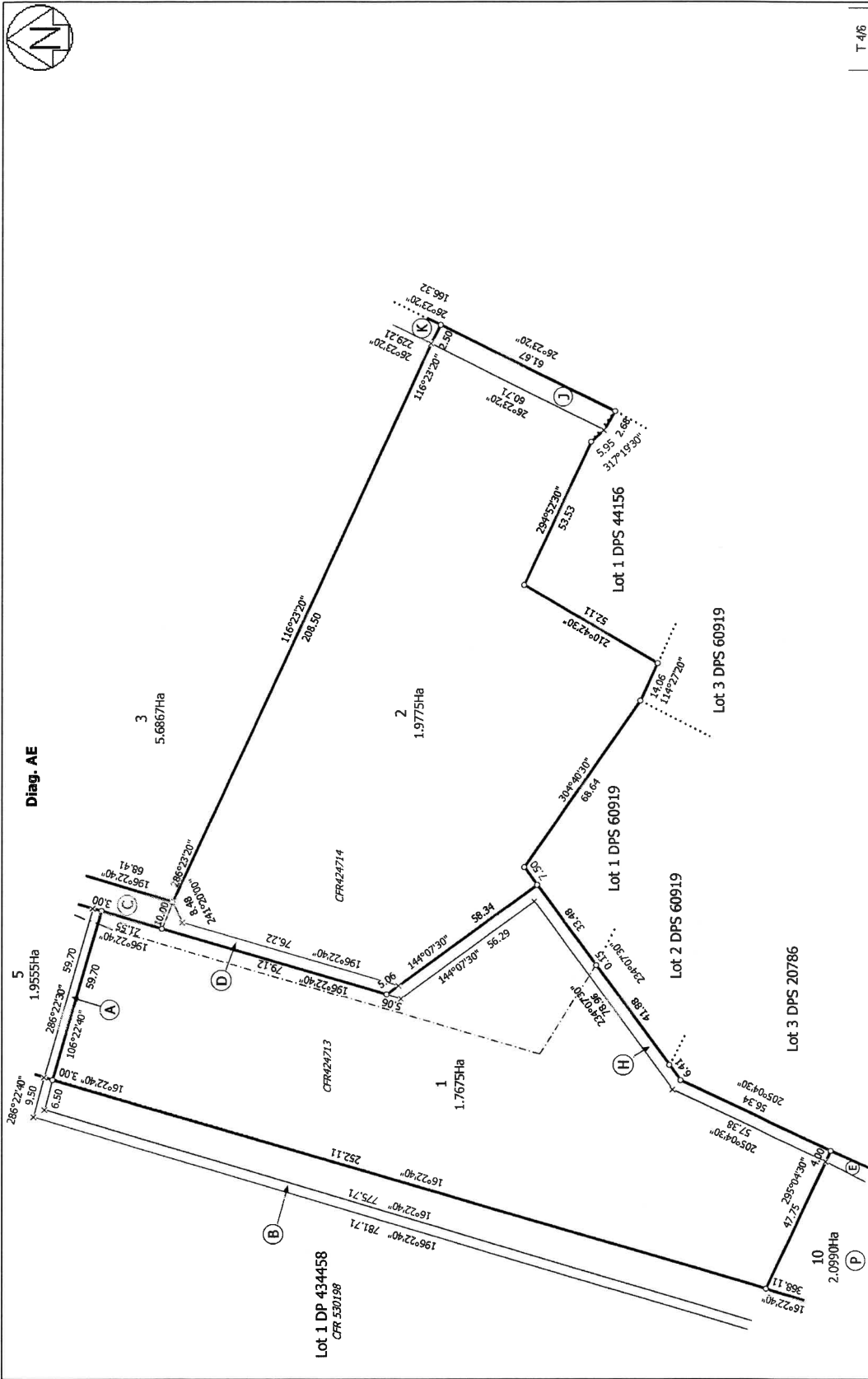
Surveyor: Andrew William Dyer  
Firm: Bloxham Burnett & Clikver

Lots 1-10 being a Subdivision of Lot 11 and 13 DP 407016 and Easement over Lot  
1 DP 434458 and Lots 7 and 10 DP 407016

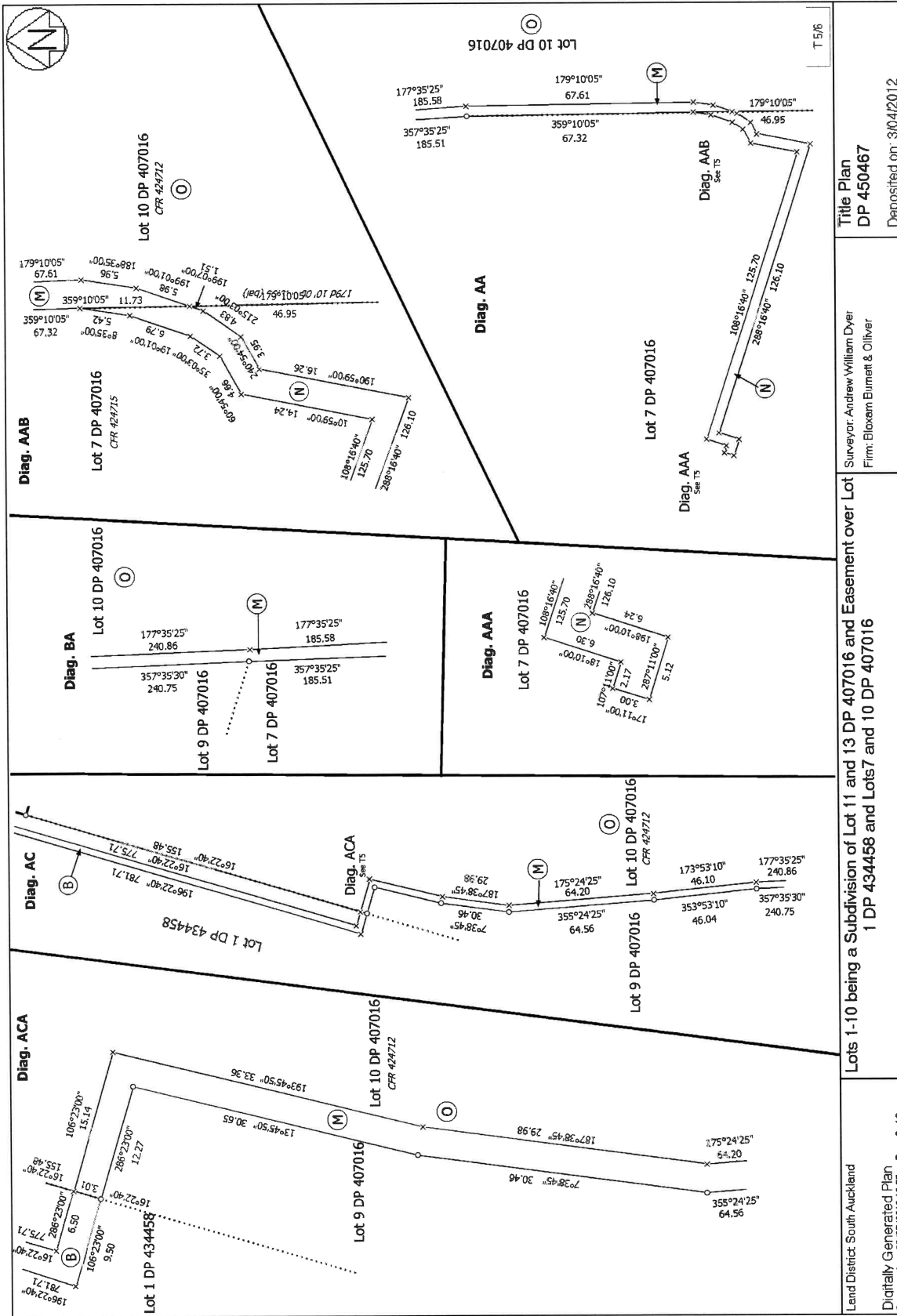
Land District: South Auckland  
Digitally Generated Plan  
Generated on: 08/05/2012 10:57 am Page 6 of 9

Deposited on: 3/04/2012





T-4/6	Title Plan DP 450467	Surveyor: Andrew William Dyer Firm: Eloxam Burnett & Oliver	Deposited on: 3/04/2012
Lots 1-10 being a Subdivision of Lot 11 and 13 DP 407016 and Easement over Lot 1 DP 434458 and Lots 7 and 10 DP 407016			
Land District: South Auckland Digitally Generated Plan Generated on: 09/05/2012 10:57am Page 7 of 9			

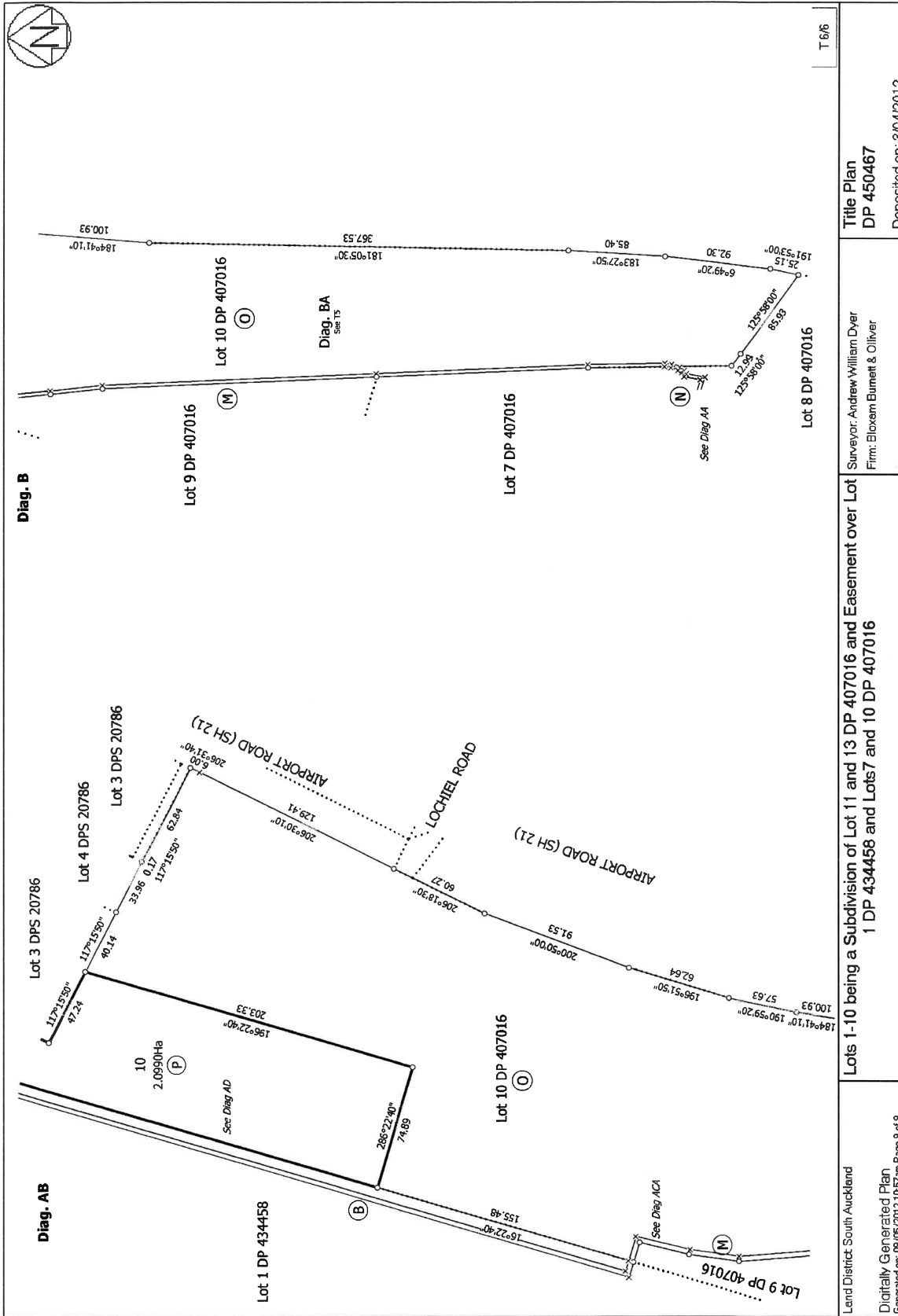


Title Plan  
DP 450487  
Deposited on: 30/4/2012

Surveyor: Andrew William Dyer  
Firm: Bloxham Burnett & Cilliver

Lots 1-10 being a Subdivision of Lot 11 and 13 DP 407016 and Easement over Lot 1 DP 434458 and Lots 7 and 10 DP 407016

Land District South Auckland  
Digitally Generated Plan  
Generated on: 09/05/2012 10:57 am Page 8 of 9





**RECORD OF TITLE  
UNDER LAND TRANSFER ACT 2017  
FREEHOLD  
Search Copy**



  
R. W. Muir  
Registrar-General  
of Land

**Identifier** SA38B/452  
**Land Registration District** South Auckland  
**Date Issued** 30 April 1987

**Prior References**  
SA17D/1254

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**Estate** Fee Simple  
**Area** 3260 square metres more or less  
**Legal Description** Lot 1 Deposited Plan South Auckland  
44156

**Registered Owners**  
PMG Generation Fund Trustees Limited

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**Interests**

B537026.1 Gazette Notice declaring the adjoining State Highway No. 21 (Narrows Bridge - SH3 Intersection) to be a limited access road - 12.4.1999 at 1.11 pm

B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 - 3.11.2000 at 11.45 am


9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576455 and 576456 ) - 1.11.2012 at 4:35 pm

12194908.6 Mortgage to ASB Bank Limited - 30.7.2021 at 4:21 pm

Approved: *[Signature]*  
Registered owner

Pursuant to a resolution of the Waikato County Council passed on the 18th day of December 1987, approving the plan of subdivision of the land shown in the Survey Plan and certifying that the plan is in accordance with the requirements and provisions of the operative District Council Ordinance No. 101 of 1976, the Waikato County Council was affixed hereto in the presence of:

*[Signature]* Chairman  
*[Signature]* County Clerk



19/5/1987

350 920 E

350 850 E

350 780 E

Te Kapa Parish

Allet 121

Allet 120

Lot 1  
3260 m<sup>2</sup>

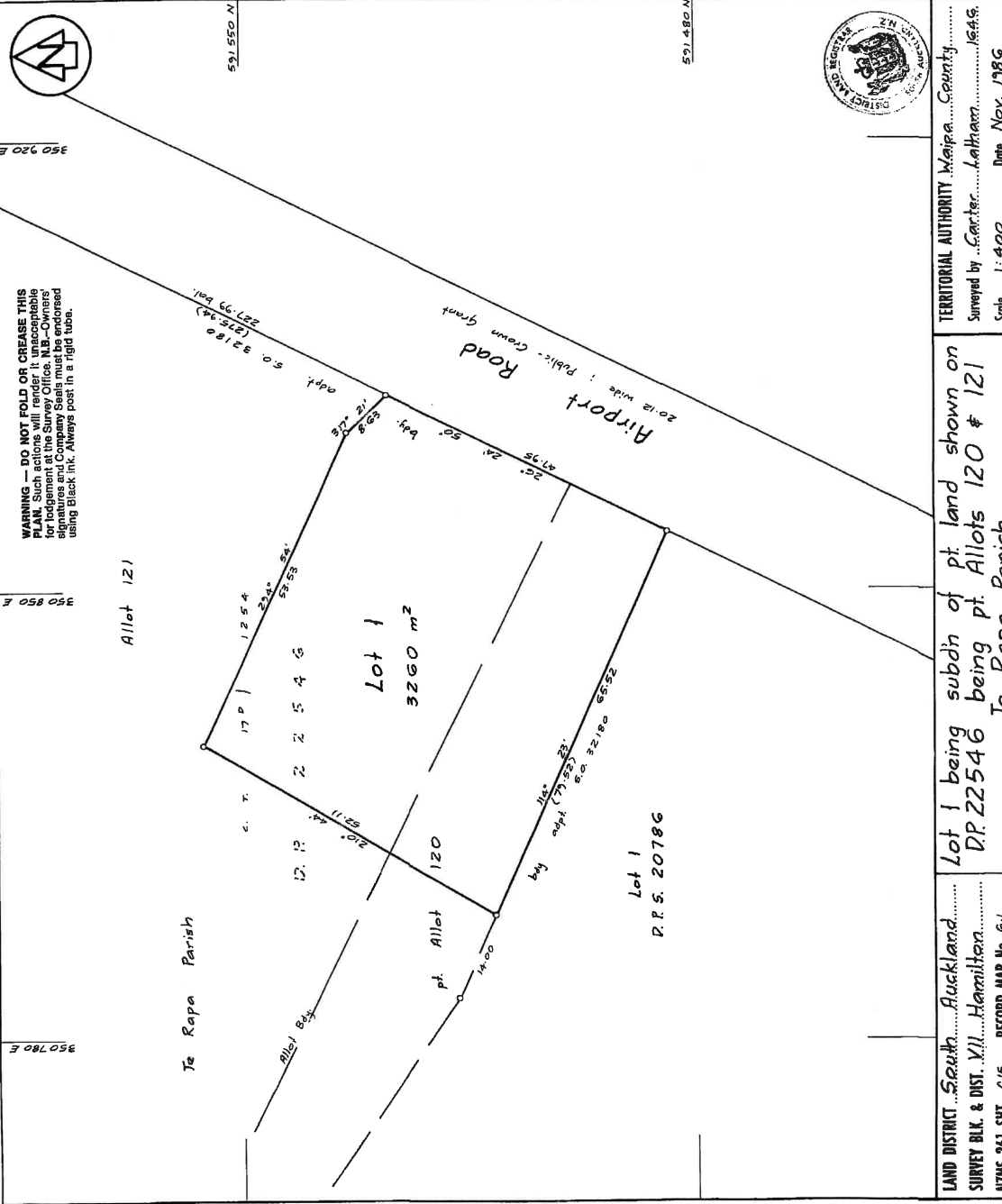
20.12 m wide Public-Crown grant

Airport Road

Lot 1  
P.R.S. 20786

591.550 N

591.480 N



LAND DISTRICT... South Auckland

SURVEY BLK. & DIST. VII Hamilton

AZMS 261 SH1... 813 RECORD MAP No. 6.1

Lot 1 being subdn of pt. land shown on pt. Allots 120 & 121 being pt. Allots 120 & 121

DR. 22546 Te Kapa Parish

TERRITORIAL AUTHORITY Waikato County

Surveyed by Carter, Kitcham, & Co. 1986

Scale 1:400 Date Max. 1986

Total Area 3260.00 m<sup>2</sup>

Comprised in G.P.P. 1854 (pt.)

*[Signature]* Registrar General

Registered as to Survey

6.3.87

Deposited this 30th day of Dec. 1987

Chief Surveyor

Blairland Registrar

15.1.87

DPS 44156

**JLL offices**

Level 16, HSBC Tower  
188 Quay Street  
PO Box 165  
Auckland 1140

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30 Waring Taylor Street  
PO Box 10-343  
Wellington 6143

**Phone: +64 4 499 1666**

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Christchurch 8442

**Phone: +64 3 375 6600**

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